# FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER
No. 30,105 Tuesday December 9 1986 D 8523 B

Takeovers: institutions have the last word, Page 18

## World news

### Boy of 12 shot dead by Israeli troops

Israeli troops killed a 12-year-old Palestinian boy and wounded at least six others during the worst wave of anti-Israel unrest on the West Bank in recent years.

The boy was shot in the head when soldiers fired on stone-throwing protesters at Balata refugee camp, near Nablus.

Four other youths were wounded in the same incident and two others were hurt in separate disturbances caused by the fatal shooting of two Palestinian students last Thursday. Page 4

### Fighting in Honduras

US helicopters ferried hundreds of Honduran troops to a battle zone along the border with Nicaragua to fight Sandinista forces who crossed in pursuit of US-backed Contra rebels. Page 4

### Manila pact at risk

President Corazon Aquino's Government was trying to save a 60-day ceasefire pact with Philippines Communist rebels less than 48 hours before it was to take effect. The pact is in danger because of military threats to patrol rebel-held areas.

### New US Speaker

The Democrat majority in the House of Representatives chose Congressman Jim Wright, 63, of Texas, to succeed the retiring Thomas ("Tip") O'Neill as Speaker of the House of Representatives. His election by the full House in January is seen as certain. Page 4

### Trial postponed

The first murder trial of alleged members of the Action Directe terrorist group was postponed indefinitely in Paris after a fifth juror withdrew. Court officials said jury members were "petrified" by threats made against them.

### Taba talks begin

Israel and Egypt began talks with an independent arbitration panel near Geneva in an attempt to settle the long-standing territorial dispute over Taba, a tiny coastal strip on the Gulf of Aqaba.

### Truce renewed

A new attempt at a truce between Palestinian guerrillas and the Shia Amal was agreed last night after the earlier Iran-sponsored peace was shattered by house-to-house battles at a hilltop village in south Lebanon. Page 4

### Russians defect

Two Soviet conscripts stationed in East Germany have fled across the frontier to West Germany and asked to go to the United States. Both aged 19 and from Estonia, they scaled fortifications in civilian dress.

### Gorbachev wins

West Europeans rate Mikhail Gorbachev far higher as a leader than President Ronald Reagan, according to a survey published in Amsterdam. Gorbachev was considered good or excellent by 61 per cent of Europeans, while only 31 per cent gave Reagan the same rating.

### Child aged 11 held

South African police said they were holding 256 children below the age of 16 under the state of emergency. One is aged 11. Page 4

### Australia signs

Australia ratified a treaty declaring the South Pacific a nuclear-free zone only hours after France flouted its provisions by exploding its seventh nuclear device in the region this year.

### Quake hits Bulgaria

At least one child was killed, 30 people were injured and buildings damaged when an earthquake rocked Bulgaria.

## Business summary

### Hawley acts to thwart $1.9bn bid

CARTER HAWLEY HALE, embattled West Coast retailing chain, rejected a sweetened $1.9bn offer from The Limited, its smaller but more aggressive rival, and announced plans to spin off to shareholders its prized speciality-store operations which include such famous names as Neiman-Marcus and Bergdorf Goodman. Page 21

BRITISH GAS was added to the oil subsection of the FT-Actuaries indices. The company will be included as a constituent of the FTSE-100 share index and the FT 30-share Ordinary index from today. Vickers has been removed from the Ordinary index to allow the new insertion. Stock market debut. Page 20

WALL STREET: The Dow Jones industrial average closed up 5.20 at 1,930.26. Page 46

LONDON: Optimistic economic forecasts and the start of dealing in British Gas provided a boost. The FT Ordinary index gained 7.0 to 1,275.5 and the FT-SE 100 rose 9.9 to 1,623.4. Page 46

TOKYO: Blue chips and consumer-related issues led the recovery and the Nikkei average closed 105.77 higher at 18,710.68. Page 46.

DOLLAR closed in New York at DM 2.0115; SFr 1.680; FFr 6.5625 and Y162.30. It closed in London at DM 2.0095 (DM 2.0010). It rose to FFr 6.5625 (FFr 6.55); SFr 1.6765 (SFr 1.6715); it remained unchanged at Y162.35. On Bank of England figures the dollar's exchange rate index rose to 111.0 from 110.5. Page 39

STERLING closed in New York at $1.4235. It closed in London at $1.4205 ($1.4290). It also fell to DM 2.8550 (DM 2.8600); Y230.50 (Y232.0); FFr 9.35 (FFr 9.36); SFr 2.3850 (SFr 2.3875). The pound's exchange rate index fell 0.1 to 68.0. Page 39

GOLD rose $1 on the London bullion market to close at $389.25. It also rose in Zurich to $389.75 ($388.25). In New York the Comex February settlement was $393.7. Page 38

TRANSAMERICA Corporation, sprawling insurance-based conglomerate announced that it was spinning off its manufacturing operations to shareholders as a newly constituted company, Imo Delaval. Page 21

SHEARSON LEHMAN, US securities firm, is to raise its interest in Toronto-based investment dealer McLeod Young Weir from 10 per cent to 30 per cent in the first of what is expected to be a spate of foreign investments in the Canadian securities industry. Page 21

COMPAGNIE GÉNÉRALE d'Electricité of France and ITT of the US are understood to be seeking a public sector takeover of Marconi Espanola, ITT's Spanish electronics subsidiary. Page 21

SANDOZ, Swiss chemical group, will not be seriously hurt financially by claims for damages following the warehouse fire on November 1 which polluted the Rhine, the Zurich-based Bank Vontobel claims. Page 22

BANK OF AMERICA, large West Coast banking group, announced that it was selling its consumer trust business to Wells Fargo, another San Francisco-based bank, for $100m. Page 21

SWEDEN: A group of banking and financial concerns is preparing to launch a new financial holding company with interests in commercial and investment banking, financing and fund management including most importantly, Götabanken, the country's fourth largest commercial bank. Page 22

PILKINGTON Brothers, UK glass manufacturer fighting a £1.1bn ($1.5bn) takeover bid from BTR, announced a 75 per cent increase in interim pre-tax profits to £86.9m. Lex, Page 20; Details, Page 26

C. H. TUNG, financially hard-pressed Hong Kong ship-owning group, moved near to achieving recovery after shareholders agreed plans to restructure the group's capital and to reschedule debts. Page 23

# Chirac backs down in attempt to halt student violence

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday announced the complete withdrawal of its university legislation in a move intended to halt the demonstrations and violence in Paris that were threatening the administration's future.

In a brief television statement at lunchtime, Mr Jacques Chirac, the Prime Minister, looking strained but still smiling, said that it was not possible to continue with a project without the large support of those concerned. University reform, he said, also needed to be carried out in circumstances of calm.

With demonstrations continuing, "and all the risks and dangers of violence that this entails," the Prime Minister said that such circumstances clearly did not exist.

The Government's climb down was greeted first with disbelief and then with cries of "victory" and "we have won" in universities in central Paris where meetings were being held to work out the details of tomorrow's planned march.

The students' co-ordinating committee later announced that the march would still go ahead to protest at police violence. But, in a sign that the movement is beginning to subside, it left individual universities free to decide whether to call off strike action.

Mr Chirac's announcement was welcomed with relief by the major political parties as defusing what was becoming an increasingly ugly situation. President François Mitterrand immediately issued a statement expressing his satisfaction.

But the Government's retreat under pressure – coming in the wake of widespread criticism of its handling of the issue – was seen as further weakening Mr Chirac's administration and his chances as a presidential candidate. Only on Sunday, Mr Chirac had given the impression that he intended to stand firm in a speech in which he said the Government would not accept "disorder or attempts at destabilisation."

Mr Chirac's reversal came as a result of both the force of circumstances and at the insistence of senior ministerial colleagues. The demonstrations planned for this week with trades union participation would have put further strains on the police and could have provoked more violence.

The Cabinet was increasingly divided on the issue, with younger ministers such as Mr Alain Madelin (Industry) and Mr François Leotard (Culture) in favour of withdrawing the bill so as to prevent further damage to the Government's image among young people.

An important factor also was the probability that President Mitterrand in a broadcast he is to make today would make clear his views of the bill as "useless" and "inopportune."

With so much else weighing against him, Mr Chirac could not afford to risk the additional opposition of the President.

By no means least important was that the franc also came under pressure yesterday morning.

Mr Chirac made his announcement on television after a morning meeting of senior ministers. He is said to have told them of his decision rather than engage in further discussion.

Following the broadcast, both the teachers' union, the FEN, and the pro-socialist CFDT union announced that they would not take

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Background and analysis, Page 3; Editorial comment, Page 18

# Japanese Airbus order may defuse EEC row

BY IAN RODGER IN TOKYO

ALL NIPPON Airways, Japan's second largest airline, is to buy 10 European A-320 Airbuses with options on a further 10, in a deal which could eventually be worth Y160bn ($1bn).

The purchase, which comes only three days before a Japan-EEC ministerial meeting in Brussels, is expected to ease substantially the growing trade tensions between the two sides.

EEC countries had put heavy political pressure on the Japanese Government to promote the purchase, including representations to Mr Yasuhiro Nakasone, the Japanese Prime Minister, by the British and French prime ministers and the West German Economics Minister.

Mr Paul Channon, Britain's Trade and Industry Secretary, raised the matter with Mr Nakasone two weeks ago during a visit to Tokyo. Mr Channon said the purchase would be an excellent way to reduce the anger of several countries with Japan at once.

Mr Jan Brinkhorse, head of the EEC delegation in Japan, none the less warned yesterday: "We are not going to reduce our pressure on other issues, such as wines and spirits, because of this."

This is the first time All Nippon (ANA), which has been Japan's major internal airline but is now rapidly expanding its international routes, has bought Airbus aircraft. Previously, it has used all US aircraft, except for a few small, locally-made turboprop aircraft.

Airbus A-300-600 aircraft were a contender last year for a 25-aircraft deal with ANA which was eventually met by Boeing 767s. In October, ANA placed another $1.5bn order with Boeing, this time for 11 747s.

Mr Jacques-Marie Coache, Airbus' Tokyo representative, said the company had been working on the order since the beginning of the year, but believed it had been helped because ANA "got to know us" during last year's campaign.

ANA said it chose the 150-seat A-320-200 over the Boeing 737-400 and the McDonnell Douglas MD-88 because of its superiority in maintenance, reliability of construction, superiority in operating due to a

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**Mitsui, the Japanese industrial conglomerate, yesterday announced a $500m order for five of the new McDonnell Douglas MD-11 long-range trijet replacements for the DC-10 jet airliner.**

**After last week's order for nine MD-11s worth $1bn from British Caledonian Airways, this brings total MD-11 deals to 14 aircraft worth $1.5bn.**

**McDonnell Douglas is discussing further orders with US and European airlines, and is expected to announce its formal launch commitment for the MD-11 soon. Page 6**

# Saudi demand for fixed price poses threat to Opec meeting

BY RICHARD JOHNS IN GENEVA

THE Organisation of Petroleum Exporting Countries' conference, which begins in Geneva on Thursday, faces the prospect of serious deadlock over King Fahd of Saudi Arabia's insistence on an immediate return to a fixed price of $18 per barrel, while also maintaining members' output quotas.

Opec experts, who met for 10 days in Vienna last month, are understood to have concluded that a cut in collective production in a range of 700,000 to 1m barrels a day would be required to raise prices to the level demanded by the Saudi monarch.

The latest projections by the International Energy Agency – which groups the leading industrialised countries apart from France – indicate demand for Opec crude and industry stocks of 18.8m to 18.7m barrels a day in the first quarter of 1987 and only about 18.2m to 18.4m b/d in the second quarter.

That compares with Opec's ceiling on collective output of about 17m b/d. However Opec could well supply up to 2m b/d from the large stocks built up through over-production during the summer.

Mr Hisham Nazer, Saudi Arabia's acting Minister of Petroleum, is therefore likely to be the focus of attention at the Geneva meeting. Iran, Algeria and Libya, the more militant members of Opec, now say that output must be cut, if the price objective is to be achieved.

Mr Nazer appears to have made little headway in convincing King Fahd of the difficulties in reconciling the two goals, higher output and a higher price.

In principle most member states want a price of $18 per barrel, but they understand that market realities make such an objective impossible in the forseeable future.

Opec's ministerial committee on pricing, which met in Quito, Ecuador, last month, recommended an $18 reference price – the median to judge the value of other crudes, based on a basket of seven crudes.

That recommendation reflects the measure of respect for the muscle of Saudi Arabia, the predominant oil exporting power in the world by virtue of its enormous reserves and output capacity.

Kuwait, the United Arab Emirates and Qatar are formally aligned behind the Saudi position. They are members of the Gulf Co-operation Council grouping conservative Arab producers in the Gulf. Delegates here questioned whether the sophisticated Sheikh Ali Khalifa al Sabah, Kuwait's Minister of Oil, was really convinced that recovery to $18 was feasible.

Opec's ministerial committee on quotas was meeting here last night to resume discussions on a "more rational" distribution of production sharing. Any change in the quota proportions under the conditions in

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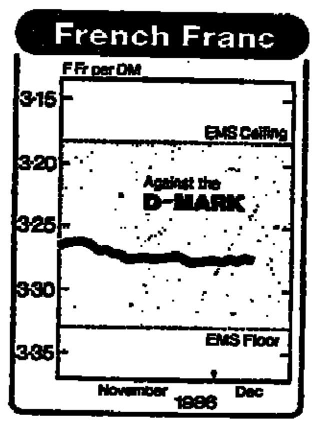


# Paris lifts rates as franc falls

By George Graham in Paris

THE BANK of France raised interest rates yesterday as the confrontation between the French Government of Mr Jacques Chirac and the students triggered intense pressure against the French franc.

The franc dropped rapidly in the morning once the Bank of France stopped defending an exchange rate of FFr 3.276 to the D-Mark. It plunged 1½ centimes to FFr 3.29, its lowest rate since the realignment of the European Monetary System in April.

A rise of 1 percentage point in the Bank of France's official seven-day repurchase rate helped to halt the fall, which was largely reversed in the afternoon following Mr Chirac's withdrawal of the controversial higher education bill. The franc closed at FFr 3.2757 to the D-Mark.

The pressure on the franc brought back memories of May 1968, when student riots contributed to the end of a brief period of freedom from exchange controls. The franc has in recent months suffered from the D-Mark's rise against the dollar, which has left it and other EMS currencies struggling in the wake.

Mr Edouard Balladur, Minister of the Economy, Finance and Privatisation, has in recent weeks been showing increasing irritation with the system of floating exchange rates. He is attempting to persuade his colleagues in other countries to agree to a system of reference zones for currencies, and has called for the European currencies, principally the D-Mark, to join the second exchange rate stabilisation agreement between Japan and the US.

The Bank of France's seven-day repurchase rate, lowered to 7.5 per cent only a week ago, forms the ceiling for money market rates in the Government's new monetary policy framework, which aims to rely more on interest rates than on quantitative credit controls.

A rise in the more sensitive official intervention rate, which at 7 per cent marks the lower end of the interest rate bracket, was not ruled

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Money markets, Page 39

# Shultz admits Iran arms sales 'illegal'

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR GEORGE Shultz, the US Secretary of State, yesterday became the first senior US Administration official to concede openly that US laws were broken during the sale of arms to Iran.

In the first public testimony by a senior administration official on the controversy, he admitted that the sale of arms to fund the Contra rebels in Nicaragua was "illegal."

A clearly angry and deeply embarrassed Mr Shultz told the House Foreign Affairs Committee that he had recalled the US ambassador to Lebanon, Mr John Kelly. Mr Shultz said that he had learnt this weekend that the official had not told the State Department that he was working with the White House to try and arrange the release of American hostages.

Mr Shultz also spelt out his personal opposition to President Reagan's decision last January to approve arms sales to Iran. He was not told of this move at the time and was kept out of Administration decisions on the policy throughout this year, he said.

He also denied all knowledge of the transfer of the arms sales profits to the Contra rebels.

Mr Shultz's testimony will aggravate the tensions within the Reagan Administration over the Iran arms scandal which were once again on public display yesterday.

Mr Patrick Buchanan, the conservative White House communications director, in a column in the Washington Post rounded on "the Republican Party establishment which owes it all it has and all it is to Ronald Wilson Reagan" for not supporting the president. "The whole damn pack has headed for the tall grass," he added.

Mr Buchanan repeated Mr Reagan's assertion that Lt Col Oliver North, the National Security Council official dismissed for allegedly masterminding the Iran/Nicaragua arms transaction is "an American hero."

Asked about the column and its implication that US officials could break the law if they believe the importance of the issue they were tackling justified it, Mr Shultz responded, "I do not believe a constitutional officer has the right to declare himself above the law."

The scheduled three days of hearings by the House Foreign Affairs Committee are the first public hearings into the controversy and Mr Shultz's testimony was carried live by two of the three major television networks. Former National Security Adviser Mr Robert McFarlane is also scheduled to appear.

Seeking to narrow the gap between Mr Reagan and himself on the Iran issue, Mr Shultz stressed that he did not disapprove of the concept of trying to open up a dialogue with Iran and added that it was "legitimate" to debate whether the arms shipments of which he disapproved should have been part of that policy. He strongly endorsed President Reagan's overall conduct of foreign policy.

The Secretary of State also defended State Department involvement in efforts to raise humanitarian aid for the contra rebels while denying that he personally had solicited funds from the Sultan of Brunei.

Mr Shultz, who was clearly unhappy at being asked to testify under oath, assured the committee that he was prepared to answer all the members' questions. But he stressed that some issues could only be addressed in a closed session of the committee because they were classified.

The only question he refused to respond to dealt with recent reports that the Administration knew that Iran had helped to finance and organise the truck bombing of the marine barracks in Lebanon in 1983.

Newspaper disclosures of details of the Iran operation continued yesterday with a New York Times report that Vice Admiral John Poindexter, who resigned two weeks ago as National Security Adviser, persuaded President Reagan to resume arms sales in January of this year shortly after taking office. In December it had been decided not to approve any more shipments.

The Wall Street Journal reported that Mr Poindexter had also approved the transfer of profits from the Iran arms sales to the Nicaraguan Contras.

● Saudi Arabia yesterday dismissed press reports that it played a part in the secret US arms deal with Iran.

An Information Ministry official said in a statement carried by the Saudi Press Agency that reports of Saudi involvement continued despite two denials by the kingdom.

"If the purpose of such allegations is to slander the kingdom by certain circles... these campaigns will never affect its policy or stand," he said.

"When the kingdom wants to take a step that would serve its interests it will do that openly and in broad daylight."

Reagan on tightrope, Page 4



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# Strauss stakes out his position on arms sales

BY DAVID MARSH IN BONN

THE BAVARIAN Prime Minister, Mr Franz Josef Strauss, who is also a contender for the job of foreign or defence minister in the next Bonn government, has issued his most forthright call yet for West Germany to deliver sophisticated weapons to Saudi Arabia and South Africa. Such a policy switch is needed, he believes, both to support the two countries' political stability and to secure jobs in the West German defence industry.

Mr Strauss has clearly indicated his ambition of returning to Bonn if West Germany's conservative parties win a convincing victory in the general election on January 25. He is already in the centre of controversy over Bonn's hand in the illegal delivery of submarine plans to South Africa, in an affair dating back to 1984.

A front page article in the Bayernkurier, the official newspaper of Mr Strauss's Bavarian Christian Social Union party, at the weekend spelled out comprehensively a new set of guidelines for weapons exports.

Mr Strauss is the publisher of the newspaper. Although he did not sign the article, the suggestions undoubtedly represent the basis of what could become official government policy were Mr Strauss to win a senior ministerial post in the next Bonn administration.

The article mentions only once by name Mr Strauss's arch rival, Mr Hans Dietrich Genscher, the present Foreign Minister. But, it hits out hard at the "despondent course steered by German foreign policy" over armaments exports. The article argues that West Germany should follow the same policy in selling arms to Saudi Arabia as do the US, Britain, France and Italy.

Mr Strauss, who led a delegation of leading industrialists to Saudi Arabia last month, had collected fresh evidence that "urgent corrections" were needed in the policy of the West German Foreign Ministry, the article said.

The Government of Chancellor Helmut Kohl turned down the idea three years ago of delivering sophisticated Leopard tanks to the Saudis for fear of the repercussions on public opinion.

The Bayernkurier article said Saudi Arabia was gearing its defence policy not towards Israel but towards the Gulf, where a "revolutionary and aggressive" Iran was posing a threat to the entire Middle East. Concerning South Africa—whose relations with West Germany Mr Strauss has long sought to promote—the article said the country formed a "lifeline" for the free world and needed to be protected.

# Soviet strategic balance warning

The Soviet Union said yesterday that its decision to continue observing the Salt-2 strategic arms treaty for the time being did not mean it would permit a shift in the nuclear balance in favour of the United States, Reuter reports from Moscow.

The Deputy Foreign Minister, Mr Alexander Bessmertnykh, and a senior military official, General Nikolai Chervov, said the US abandonment of Salt-2 left the impression that the White House wanted to commit future administrations to an arms race.

They also told a news conference that the Reagan administration would be making a serious error of judgment if it believed the Soviet Union needed a strategic arms control agreement more than the US.

Amplifying a Soviet statement last week that it would continue to abide by the terms of Salt-2 "for the time being" even though the US breached the accord last month, he said. "I think a lot will depend on the conduct of the US itself, and primarily how it behaves in the military-strategic arena.

"The main indicator as to when we should or should not act will be when, in our estimate, parity is strained too much by American nuclear programmes.

# Protesters rampage in Frankfurt

By Andrew Fisher in Frankfurt

DEMONSTRATORS, expressing solidarity with student protesters in France, tore through the central streets of Frankfurt on Sunday night, smashing shop windows and causing several hundred thousand marks worth of damage.

Police estimated the number at around 300, and said that small groups wore masks and carried stones for hurling through plate glass windows.

The demonstrations were sparked off by the death of a French student earlier in the weekend. Frankfurt students hung up slogans on buildings of the Goethe University stating: "Paris burns, Frankfurt sleeps."

Much of the damage was caused near the restored opera house. Demonstrators made their way to the area from the university.

By the standards of past West German demonstrations, the damage and violence in Frankfurt were mild. Just over a year ago, an anti-Nazi demonstrator was killed in the city when he was run over by a police truck after being knocked over by a jet from a water cannon. Left-wing rioting spread across much of the country.

The town of Hagen in the Ruhr region to the north was also the scene of weekend demonstrations, but the confrontation between right-wing skinheads and anti-fascist groups had no connection with the Paris riots.

Andriana Ierodiaconou reports on the controversy over a new tax

# Greece bites the VAT bullet

WAKING UP to their New Year's Day hangover many Greek businessmen might feel strongly tempted to head for the remote northern peninsula of Mount Athos and its religious community of Byzantine monasteries.

The journey would offer not only spiritual relief from worldly excesses. Mount Athos, which enjoys a special administrative status under the Greek constitution, will be the only place where one can get away from value added tax (Vat), due to be introduced in the rest of the country on January 1.

VAT is being introduced in Greece not a moment too soon from the point of view of the European Community. Under its Treaty of Accession to the EEC in 1981, Greece was committed to adopting the tax in January 1984 but succeeded in obtaining a two-year extension of the deadline on the grounds that neither business nor the fiscal bureaucracy were ready to cope.

A second, one-year extension was obtained on the same grounds in the autumn of 1985, in negotiations which also led to an EEC support loan to help tide Greece through its balance of payments crisis. According to Greek officials, contributions to the EEC budget on the basis of Vat rather than Gross Domestic Product is expected to increase the Greek payment by an estimated Ecu 200m (£147.6m).

The Government has come under intense lobbying over the past three months from the small and medium size manufacturing enterprises which form the backbone of the Greek economy—an estimated 85 per cent of the country's enterprises employ four persons or fewer—to postpone Vat for a further 12 months, saying that preparation is still inadequate.

With less than four weeks to Vat-Day some professional groups such as the Jewellers' and Watchmakers' Association closed their shops early this month to protest against being included in the luxury class list of products for Vat purposes. The Finance Ministry has set three Vat rates: a standard rate of 18 per cent, a low rate of 6 per cent which covers most food staples, and a luxury rate of 36 per cent.

> 'We wouldn't be any readier if we had 12 more years, never mind 12 months. The delay so far was absolutely essential for research and preparation, but now VAT has to go ahead.'

The Finance Ministry has shown some flexibility in revising its Vat rate lists — to universal satisfaction Greek coffee was moved from the standard to the low Vat list. Enterprises with an annual turnover below Dr 1m which fulfil certain book keeping criteria will also be exempt from the Vat system.

Officials at the Finance Ministry and in the EEC affairs section of the Foreign Ministry stress, however, that Greece's credibility in Brussels is now staked on introducing Vat on January 1, for better or worse.

"We would not be any readier if we had 12 more years, never mind 12 months. The delay so far was absolutely essential for research and preparation. But now Vat has to go ahead," commented Mr Mihalis Doris, the Finance Minister's adviser on Vat.

The Finance Ministry for its part is aggrieved over the business community's poor attendance at a series of Vat seminars around the country, many led personally by Mr Dimitris Tsovolas, the Finance Minister.

"We consider this a symptom of the general indifference to tax issues in Greece, where these issues are not seen as a routine part of business activity. We have to create a tax conscience," Mr Doris said.

In the interval the Ministry hopes that, by the very way in which its works, Vat will help curb tax evasion. It will also modernise and simplify Greece's existing system of about 500 indirect taxes, of which aVt will replace an estimated 46 per cent.

The Finance Ministry is to use computers to crosscheck direct with indirect tax returns. Ministry pamphlets and seminars try to impress upon businessmen that in order to get Vat on purchases discounted it will be in their own interest to ask for and keep bills of sale and receipts—half the battle in a country where as few transactions as possible are recorded on paper.

The Ministry calculates, however, that Vat will be revenue-neutral in that it will not generate more earnings than the indirect taxes it is due to replace. The Ministry also insists that Vat will not jeopardise the Government's inflation target of 10 per cent by the end of 1987, against the view of independent economists who estimate that the tax will drive prices up by anything from 2 per cent to 8 per cent.

Not all Greek businessmen are opposed to Vat. "We believe it is a necessary part of modernising the economy. In fact we would have liked to see it replace all indirect taxes—to the extent that it doesn't, competitiveness suffers," said Mr Lazaros Efraimoglou, president of the Athens Chamber of Commerce and Industry. "Yes, there will be chaos at first, but it couldn't happen otherwise."

The Chamber says, however, that it would have liked to see the Finance Ministry waive criminality for Vat-related tax offences for one year—a proposal which was rejected. It also criticises the authorities' handling of the issue of Vat-adapted cash registers, the introduction of which became complicated by opposition charges that there were plans to set up their manufacture and distribution as an effective monopoly.

Professional accountants, like

> 'It is a necessary part of modernising the economy. In fact we would have liked to see it replace all indirect taxes. Yes, there will be chaos at first, but it couldn't happen otherwise.

Mr George Samothrakis, president of the Association of Certified Accountants and Auditors of Greece, believe that Vat will be more problematic for the smaller Greek business with relatively primtive book-keeping methods, but believe larger enterprises will adjust with relative ease.

Finance Ministry officials believe the smaller enterprises can manage, although they predict a two to three year running-in period.

Asked what his advice would be to a small Greek business on the eve of the introduction of Vat, Mr Doris offered: one demand receipts and bills of sale and record transactions; two, adjust your books according to Ministry instructions; three, be honest in your three-monthly Vat declarations.

He might have added: and if all else fails, get thee to a monastry.



# Italy faces wave of strikes

By John Wyles in Rome

ITALIAN PUBLIC services will display a critical absence of festive goodwill over the next fortnight because of a wave of strikes in medical and transport services, banks and local authorities. They will involve more than 2m people and look likely to be more extensive and disruptive than any for several years.

Most concern pay negotiations and the root problem in several cases is a push by white collar professionals to restore differentials. In many sectors, action is being spearheaded by so-called autonomous unions which are outside the three main groupings.

Although the Government is the strikers' main adversary, ministers have been keeping a generally low profile. Only Mr Giovanni Goria, the Treasury Minister, has seen fit to warn that the real economic gains of the past three years could be threatened if the unions press for pay rises above the inflation rate.

The health service has become a real battleground. On the one hand years of pay policies and wage indexation have caused professional salaries to fall behind. On the other, hospital workers are jealously resisting special treatment for medical employees.

Hospital doctors, who paralysed services for four days at the beginning of November, are due to strike again on two days this week and next week following their rejection of a government pay offer. At the same time, family doctors are planning to demand cash payment from patients over the next 10 days.

Meanwhile, Alitalia flight attendants are staging a 24-hour strike today which will disrupt all except intercontinental flights. Rail services will also cease completely from tomorrow evening for 24 hours.

Local authority employees are due to stop work for two hours tomorrow and for four hours on December 19.

Other stoppages on the near horizon could involve bank workers who may stage fresh strikes in support of their negotiating demands and long distant lorry drivers who are protesting at more punitive laws against traffic offences and excessive hours spent at the wheel.

# East makes most of W Berlin Christmas

BY LESLIE COLITT IN EAST BERLIN

THE confrontation between capitalism and communism in divided Berlin since 1948 has given way to pragmatism this pre-holiday season. West Berliners, bent over with presents for their relatives and friends in East Berlin, are met at the Wall by smiling East German border officials and lighted Christmas trees.

"Have a good time with the family today, Muttchen (grandma)," a cheerful guard told an elderly West Berliner. She was wheeling a shopping cart packed with fruit and sweets for her grandchildren in East Berlin. He waved her through without even a cursory inspection.

Not so long ago, Muttchen and her parcels would have been gone over with a fine tooth comb by surly border guards.

Western visitors to East Berlin, once suspected of trying to subvert the Communist system, are now given the heartiest of welcomes. An increasingly self-assured East Germany has discovered how to make the most out of West Berlin, an island of free enterprise in its midst.

Female border guards politely thank Westerners when they pay the compulsory DM 20 exchange fee to enter East Berlin. Friendliness also prevails at the East German Autobahn checkpoints between West Berlin and West Germany which earn East Germany DM 600m (£214m) annually in transit and road fees.

East Berlin has put out a special welcome mat for Western businessmen negotiating with East German foreign trade concerns. They are collected by car at West Berlin's Tegel airport and whisked through Checkpoint Charlie to one of the five-star East Berlin hotels built in recent years for Westerners.

Over Christmas and New Year, the hotels are offering package arrangements for Westerners complete with a feast of goose, tickets to the opera and cultural trips to Dresden and Weimar.

But the most important change at the border is that younger East Berliners and East Germans are being allowed to visit friends and relatives in the West for the first time since the Wall was built 25 years ago.

The decision to allow this marks a political watershed after a bitterly resented ban since 1961. The main talking point among East Berliners these days is who, among their friends and acquaintances, has been permitted to travel to the West and, who has returned. Significantly, of the more than 200,000 younger East Germans allowed out to visit the West this year—three times the 1985 total—almost all have come back. The authorities of course do not permit entire families to travel westwards, and applicants are carefully screened.

This development, which could alter the relationship between East and West Germany in coming years is not without risks for the East German leadership. There has recently been an upsurge in the number of escapes and attempted escapes, mainly by disillusioned East Germans who see no hope of ever getting to the West legally. In addition, millions who are privy to state secrets have been excluded from travel to the West and are understandably embittered.

Although family incomes in East Berlin of some 1,700 Marks (£600) a month have led to a standard of living unrivalled in the East bloc, their demands are fuelled by West Berlin television.

Astronomical prices for most durable consumer goods and all Western imports make a relative or friend in the West more valuable than ever.

D-marks open the doors of the ubiquitous chain of hard currency Intershops which sell everything from Western video recorders to bathroom fixtures and jeans. Other Western


FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: R.A. Harper, Frankfurt/Main. Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1986.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

# EEC ministers set out conditions for loan to Greece

BY QUENTIN PEEL IN BRUSSELS

EEC FINANCE ministers gave the green light last night for payment of the second Ecu 875m ($910m) tranche of a balance of payments loan to Greece – providing import deposits and most export subsidies are phased out next year.

The deal means that Greece will be expected to maintain its present economic austerity programme, including a wage and price freeze and a steady reduction in government borrowing into 1988.

Mr Jacques Delors, president of the European Commission, said Greece had made considerable progress in tackling its structural economic problems since the Ecu 1.75bn balance of payments loan was approved 12 months ago.

He said that some two-thirds of the country's regime of export subsidies would be removed from January 1 with the introduction of a Value Added Tax system similar to that in the rest of the Community. The remaining subsidies will be phased out over four years.

The present import deposit scheme of 40 or 80 per cent when sold to Greece, will go in two stages – on February 1 and the end of April.

The finance ministers swallowed considerable doubts about the performance of the Greek economy in giving their blessing to payment of the second half of the loan, which has formally to be approved by the European Commission.

Mr Hans Tietmeyer, chairman of the EEC monetary committee and West German State Secretary for Finance, stressed in particular continuing worries about the rate of inflation, now running at about 16.5 per cent per annum, compared with a target of 15 per cent.

He said that reduction of the public sector borrowing requirement was on target, and the monetary objective set by the EEC had been respected.

He underlined the success of the tougher EEC attitude in paying the loan in two tranches, subject to strict conditions being respected – a system which he hoped would be maintained for similar loans in the future.

The European Commission has promised to pay particular attention to any specific problems raised by other member states about the effects on their markets of Greek export subsidies. This is in response to British concern about the prospect of subsidised Greek cement being sold in the UK and undercutting British prices.

The Commission's agreement to monitor the situation amounts, in effect, to a safeguard clause.

# Common standards for bank accounting agreed

BY OUR BRUSSELS CORRESPONDENT

EEC finance ministers agreed yesterday on a common system for bank accounting and disclosure standards, allowing flexibility for the different member states on the question of disclosing "hidden reserves."

Mr Nigel Lawson, the British Chancellor of the Exchequer, and chairman of the council, said the agreement had been reached ahead of the target date. The flexibility allowed was the only way in which all member states were able to give it their blessing.

The ministers were unable to agree final arrangements providing special exemptions on duty-free travellers' allowances for Denmark, Ireland and West Germany.

The Danish problem is that the country has a special exemption from granting duty-free allowances to Danes travelling outside the country for less than 48 hours – an exemption which expires at the end of the year.

National officials in Brussels will continue to seek agreement on how that exemption may be extended.

Ireland is seeking a legal base to allow it to restrict the amount of beer that its citizens can buy in cross-border expeditions into Northern Ireland – currently set at 12 litres but under threat of legal action from the European Commission, which says the amount is too little.

Germany also wants special rules to allow it to maintain its "butter ships" providing duty-free shopping on short cruises outside the country's territorial waters.



FT Paris Correspondents examine two important outcomes of the rioting by French students

# Bill's withdrawal undermines Chirac

BY DAVID HOUSEGO

THE WITHDRAWAL, under student pressure, of the university legislation seems destined both to weaken the administration of Mr Jacques Chirac and damage his chances as a presidential candidate.

Within his own RPR party—yesterday much depressed by the humiliation imposed on the Government—a key principle in the conflict with the students was to prevent street demonstrations laying down the law.

This was still Mr Chirac's theme on Sunday when he addressed a party mass rally and said that the Government would not bow "to disorder and attempts at destabilisation." Many on the right will see his climbing down over the university measures as abandoning this principle.

Mr Jean-Marie Le Pen, leader of the extreme right National Front, rubbed home this point immediately after Mr Chirac's announcement by accusing him of yielding to "blackmail." The charge is the more damaging in that Mr Chirac had projected his administration as rolling back delinquency and improving law and order.

Among the centrists and followers of Mr Raymond Barre, the former Prime Minister, the Government's withdrawal is bound to strengthen the hands of those who have argued that "cohabitation" between a conservative government and a Socialist president is unworkable. A decisive factor in Mr Chirac's retreat yesterday was the risk that President Francois Mitterrand would go public with his criticism that the new university law was "inopportune" and "useless."

With his own Government divided about the issue, the students planning another demonstration, the franc falling in the foreign exchange markets, Mr Chirac could not afford to have the President publicly against him. This tacit admission reinforces Mr Barre's argument that a divided executive is untenable while undermining Mr Chirac's point that under "cohabitation" the President has no powers.

Students in Paris with posters calling on Mr Chirac and three of his ministers to quit

Mr Chirac's retreat under pressure will also make it more difficult for the Government to hold firm on other issues. The Socialist group immediately plunged into the breach by demanding as soon as the National Assembly went into session yesterday afternoon that the Government withdraw its nationality bill. This is the measure which will make it more difficult for immigrants to gain French nationality. After the death of Malik Oussekine, the French student of Algerian origin who died in Saturday's violence, the law has become a highly sensitive issue.

But on other measures as well — from steel closures to prison construction by the private sector — the Government will need to tread more warily. The students' success is likely to toughen the resistance of the unions who have until now been intimidated by both recession and the apparent strength of Mr Chirac's Government.

Some observers went so far yesterday as to see the withdrawal of the university bill as striking at the heart of the Government's free market philosophy. The measure as originally conceived was central to the free-marketeers' conception of the changes that needed to be brought about in French society.

It incorporated more autonomy and competition among universities, greater control over student recruitment through more selection, and increased independence for the universities through greater self-financing. All these principles have for the moment been thrown out of the window. It is also now difficult to see free-market principles making much headway in the other areas where the "liberals" wanted to apply them such as in the social security system.

Mr Chirac's strong card is that his ministerial team now knows that it must stand together or else see its divisions ruthlessly exploited by President Mitterrand and the opposition Socialists. The last 10 days have put severe strains on the coalition with several members of the centrist UDF—Mr Chirac's coalition partner—arguing some time ago that the Government would have to give up the bill.

But to Mr Chirac's comfort the UDF have been divided among themselves with the strongest protagonist for maintaining at least the shell of the bill being the Education Minister, Mr Rene Monory.

# Devaluation spectre haunts franc again

BY GEORGE GRAHAM

THE WEAKNESS of the French franc on the foreign exchange markets yesterday raised once again the spectre of a further devaluation of the currency against the West German D-mark and put the Bank of France's new armoury of monetary controls to its first serious test.

Once before, in 1968, mass protests by French students put the franc under pressure and contributed to the reinstatement of foreign exchange controls. Yesterday, the markets showed the first signs of fear that student unrest could put paid to the liberalisation plans of Mr Jacques Chirac's government.

Private sector economists had already begun to look for a realignment of the European Monetary System in the spring, after the West German elections, seeing a deterioration of France's competitive position in relation to West Germany. The intense political problems of Mr Jacques Chirac's government over the past week have made the problem more acute.

"In a situation of fundamental fragility, the political factors have called into question the credibility of the Government and led to an accentuated pressure on the franc," commented Mr Michel Develle of Paribas.

For the time being, the system appears to have stood the test. After the franc had fallen sharply against the D-mark in the morning, the Banque de France raised its interest rate for seven day repurchase agreements by a full percentage point, succeeding in stemming the slide. But the rise in the repurchase rate represents a sharp turnaround, and the authorities are not ruling out a rise in the more sensitive intervention rate, which currently stands at 7 per cent.

The repurchase rate was lowered only a week ago when Mr Michel Camdessus, governor of Bank of France, announced new monetary policies based on a far more flexible control of interest rates rather than on the old system of quantitative credit restrictions. It was intended that the repurchase rate should mark a ceiling for interbank interest rates, with the intervention rate providing a floor.

"These are markers, not rigid walls," Mr Camdessus said. "We will resist the temptation to be too inflexible."

But the franc is still bound in the framework of the exchange rate mechanism of the European Monetary System, and here the freedom of manoeuvre may be more limited. Yesterday's pressure on the foreign exchange markets left the franc trading close to FFr 3.28 to the D-mark, well within its lower limit of FFr 3.3303. But the past few days have cost the authorities heavily in foreign exchange reserves.

Following the agreement between Japan and the US over stabilising the yen/dollar exchange rate, the dollar/D-mark rate has become the pivot of world currency markets. When the D-mark surges against the dollar, its weaker partners in the EMS get trampled in the rush.

In addition, France has been unable to take sufficient advantage of last April's devaluation of the franc against the D-mark to improve its trading balance with West Germany. The continued gap between the two inflation rates is one of the main worries for the government's economic ministers, as it threatens the competitiveness of French exports.

# Yugoslav party chief in talks with Gorbachev

YUGOSLAV Communist Party chief Mr Milanko Renovica was due to leave Belgrade today for Moscow to confer with Mr Mikhail Gorbachev, the Soviet leader, for the first meeting of the two countries' party leaders in seven years, AP reports from Belgrade.

Observers in Belgrade said Mr Renovica, the current one-year president of the Yugoslav Communist Party, and his host would seek first-hand knowledge of each other's immediate economic and other development plans.

The late President Josip Broz Tito saw former Soviet leader Leonid Brezhnev in the Soviet Union in 1979.

The Yugoslav party chief's visit comes at a time when both countries are taking major decisions in the economic field.

Yugoslavia is moving to amend the 1974 constitution, which still bears Tito's stamp.

# Israelis shoot dead boy as West Bank violence mounts

ISRAELI troops shot dead a 12-year-old Palestinian boy and wounded six in the occupied West Bank yesterday, the fifth straight day of anti-Israeli unrest, security sources said, Reuter reports from Jerusalem.

The shooting raised to four the number of Palestinians killed in the occupied West Bank in the past five days, in the most serious wave of disturbances for several years.

The boy was hit in the head when troops fired on Palestinian protesters at Balata refugee camp after they had stoned a vehicle taking Israeli policewomen home from nearby Nablus, the sources said.

Four Palestinians were shot in the legs in the same incident and two other Palestinians were injured by Israeli troops during stone-throwing incidents in the villages of Sanjil and Abu Dis, both near Jerusalem, the army said.

Israeli troops immediately placed a curfew on Balata, a flashpoint of violence since a 14-year-old Arab was killed there on Friday.

diMri- elog

One Israeli woman was injured yesterday when her windscreen was shattered by stone-throwers as she drove her car through the West Bank town of El Bireh.

The deaths of two Palestinian students in a volley of Israeli gunfire on Thursday initially sparked the unrest which has wounded 22 Palestinians and 12 Israelis.

Hundreds of Arab youths have stoned cars, burned tyres and barricaded roads in violence that has underscored pent-up Palestinian frustration with 19 years of Israeli occupation.

Shopkeepers in Arab East Jerusalem closed their shops for a third consecutive day in a commercial strike to protest against the troop actions.

Israeli authorities clamped a morning curfew on El Bireh and nearby Ramallah and extended the closure until January 1 of the part of Bir Zeit University where the student unrest began.

Prof Hassani Bishara of Bir Zeit called the closure part of an Israeli effort to weaken nationalist strongholds. "We will fight for the university to reopen," he told state radio.

# Amal, Palestinians clash as Lebanon truce fails

BY NORA BOUSTANY IN BEIRUT

HOSTILITIES between Palestinian and Shia fighters erupted yesterday and house-to-house battles raged at the strategic village of Maghdousheh overlooking a southbound coastal highway in spite of Iranian mediation efforts.

A truce arranged over the weekend by an Iranian delegation collapsed. The explosions and bursts of machine-gun fire in the mainly deserted Christian township demonstrated the rejection by guerrilla leaders and the Shia Amal movement of a ceasefire agreement on the ground in the absence of a consensus over who should replace Palestinian fighters entrenched in the eastern sector of Maghdousheh.

In Beirut, reporters have been unable to inspect the damage caused by continued fighting and living conditions inside the Palestinian shantytowns of Sabra and Chatila on the edge of the city. Palestinian officials said 70 per cent of the houses inside Chatila have now been razed to the ground. The same sources said at least 80 Palestinians were killed in Beirut since October.

Lebanese security casualty figures have put the casualty toll in Beirut, Sidon and Rashidiyeh at around 650 dead and 2,000 wounded in the past two months. Reprisal and individual killings by both Amal and Palestinian fighters have worsened an already sinister atmosphere in and around the camps.

This latest round of the Shia-Palestinian war in the south has left 600 people dead and driven thousands of civilians and refugees out of their homes.

Last month Palestinian guerrilla s thrust out of the refugee camp of Aain al Helweh above the port city of Sidon and pushed Shia Amal fighters to the periphery of Magdousheh.

# UK protests to Iran over detention of Briton

By Our Middle East Staff

THE BRITISH Government last night protested strongly to the Iranian authorities over the continued detention in Tehran of Mr Roger Cooper, a businessman.

Mr Cooper was arrested a year ago and despite persistent British requests Iran has still not granted consular access to him. He has not been charged with any offence.

Mr Akbarzade Basti, the new Iranian charge d'affaires in London, was called to the Foreign Office to receive the British protest from Mr Tim Eggar, a Minister of State.

Members of Mr Cooper's family have become increasingly frustrated by the unwillingness of the Iranian Government to make any statement about his future. They have also urged the Foreign Office to act more forcefully.

Mr Cooper is employed by McDermott International, the US offshore oil equipment company, and has also worked as an advertising representative for the Financial Times in Iran. A fluent Farsi speaker, he has a long association and deep affection for Iran. He lived there for a number of years before the 1979 revolution.

It is understood that Mr Cooper is in good health and on Saturday received a visit rom his Iranian-born first wife. He has been permitted to write a number of letters, but members of his family doubt whether he has received those written in response.

Mr Cooper's brother, Paul, complained particularly about the attitude of the Iranians in August when they were told that a third brother, Dan, was dying from a brain tumour.

"Roger could not send his brother a letter, a postcard, or even flowers for his funeral," said Mr Paul Cooper. "Our Government has friendly relations with Iran and does a lot of business with the Iranian Government. Since they have achieved nothing after a year of low-level, low-key contacts, I think it is high time they acted more forcefully."

# Wright claims Thatcher misled parliament

BY CHRIS SHERWELL IN SYDNEY

Wright: MI5 acts "illegal and deniable"

MR PETER WRIGHT, former spycatcher for Britain's MI5 security service, yesterday accused Prime Minister Margaret Thatcher of making false and misleading statements to the House of Commons over Sir Roger Hollis, the late MI5 chief investigated as a Soviet mole, and Mr Anthony Blunt, the self-confessed Soviet spy.

He coupled his powerful accusation with the strong charge that British leaders had shut their eyes to Soviet penetration of the British public services, and a clear suggestion that the problem was continuing.

The attacks came in a court-censored sworn affidavit read by Mr Wright in his first appearance before the New South Wales Supreme Court, the court is hearing a British Government application for a permanent injunction to prevent Heinemann Australia publishing Mr Wright's memoirs.

In other developments yesterday:

● The British Government was put on the spot by an offer from Mr Wright's lawyer to narrow its claim for access to secret UK documents relating to the case.

The offer, to which Britain is due to respond today, was a pre-emptive move to render unnecessary the Government's appeal against a court order to produce the documents.

The defence now says it would be happy to see only those documents relating to previous publications on MI5 or, failing that, an admission from the UK Government on the matters at issue.

● Mr Justice Philip Powell, who is hearing the case, issued a toughly worded denial that he or his staff might leak information from the documents. He was responding to allegations in the British popular press.

Mr Wright's public testimony, believed to be the first by a named former MI5 officer in open court, sought to explain his motivations in writing his memoirs and to support his contention that they would not damage British national security.

It also sought to clear Lord Victor Rothschild, a former MI5 officer who knew Mr Blunt and other pre-war Cambridge intellectuals who became double agents inside Britain's security services.

Lord Rothschild, who, at one point headed Prime Minister Edward Heath's "think tank," was said again yesterday to have been deeply involved in the publication of Chapman Pincher's Their Trade Is Treachery, the first book to reveal that Sir Roger Hollis had been investigated as a possible Soviet spy.

Mr Wright's public statement was cut by approximately one-third after Mr Justice Powell was called upon to arbitrate disputes between lawyers for the UK Government and Mr Wright. The full text will be incorporated in a confidential transcript of proceedings, along with previous evidence taken in camera.

However far Mr Wright's full affidavit goes, his circumscribed public declaration represents a dramatic indictment of British post-war leadership and a potentially dangerous political problem for Mrs Thatcher.

In it, he says Mrs Thatcher's March 1981 statement to Parliament — in which she confirmed that Sir Roger Hollis had been investigated but said no proof had been found against him — was "substantially false." Its errors, he says, must have been known to those in MI5 who prepared Mrs Thatcher's brief.

Her 1979 statement on Mr Blunt was "gravely misleading," according to Mr Wright. In his opinion she should either have said nothing or else made a full and accurate statement about the whole history of the investigation of Soviet penetration of Britain.

"The British establishment," says Mr Wright at one point, "has never accepted that it was, en masse, penetrated by the Russians . . . people mistakenly see the penetration problem as having been limited to a few colourful, often homosexual Cambridge intellectuals. It went much further and deeper than that."

He speaks of a "cover-up," and hints at continuing problems by saying that "unless we understand the scale of this penetration nothing will be done to stop the further penetration."

Mr Wright admits that a "great many" acts by MI5 officers, "including myself," constitutes breaches of the law. "Our operations," he said, "were officially, authorised, illegal and deniable."

He goes on: "I now believe this is the wrong way of doing things . . . parliament should give MI5 the legal tools to do its job." At another point he says the "work of protecting society against subversion is too important to leave to the spies."

Mr Wright calls for a "complete change of attitude" by government, MI5 and MI6. "With so many spies," he says, "there is no hope of MI5 catching them all. The answer to Soviet penetration is greater public awareness of the problem. That is the object of my book."

In defence of his memoirs, Mr Wright insists that it is historical and will compromise no operations, prejudice no sources and expose no secrets. He adds that it would embarrass the Government and probably MI5.

# Philippine rebels threaten ceasefire over arms terms

BY RICHARD GOURLAY IN MANILA

TOP MILITARY commanders and envoys for the Communist-led New People's Army (NPA) guerrillas who have been fighting a 17-year-long insurgency in the Philippines, have disagreed over how to interpret the terms of a temporary ceasefire, threatening the agreement two days before it is due to come into effect.

On Saturday, Gen Fidel Ramos, the armed forces chief of staff, ordered the military in two insurgency affected regions to disarm any NPA rebels who carry firearms during the ceasefire.

"Nowhere in the agreement does it stipulate that the NPA or Communist Party of the Philippines members are allowed to carry their firearms," Gen Ramos's spokesman, Col Honesto Isleta said.

In a letter to President Corazon Aquino protesting against the order, the National Democratic Front (NDF), negotiators for the NPA, said: "unless your excellency (Mrs Aquino) revokes the policy statements issued by the chief of staff . . . we believe that the preliminary ceasefire cannot be put into effect on December 10."

Both sides stand to gain from the ceasefire in the short term, making it likely that a compromise will be reached before tomorrow.

The ceasefire agreement signed on November 27, covering an initial 60 day period. It was loosely drafted and was always likely to lead to misinterpretation.

For two days last week the country's regional military commanders met to produce a primer instructing the troops how to operate during the ceasefire. They produced it without consulting either the NDF or the Government's negotiators.

A government negotiator, Mr Teofisto Guingona, yesterday met both Mr Rafael Ileto, the Defence Minister, and the NDF panel in an effort to iron out differences.

# Egypt's 20% inflation blamed on shortages

By Tony Walker in Cairo

EGYPT's inflation rate surged this year to 20 per cent, according to a Central Bank report. The bank said in an assessment of economic trends that inflation rose from 19.1 per cent in 1984-85 to 19.8 per cent in 1985-86.

The report blamed shortages of some consumer items for the recent surge in prices. It did not give details of the basket of goods and services on which it based the cost-of-living figures.

Independent observers have estimated Egypt's rate of inflation at between 20-30 per cent. Many of Egypt's staple items are subject to price controls but shortages have forced people to buy in the open market at much higher prices.

The Central Bank report said that the rate of growth in the money supply had dropped from 29.7 per cent in 1981-82 to 12.7 per cent in 1985-86.

# South Africa detains 256 children of 15 or less

BY ANTHONY ROBINSON IN JOHANNESBURG

MR ADRIAN VLOK, the recently appointed Minister of Law and Order, yesterday revealed officially for the first time that 256 children of 15 and under are being detained under the state of emergency.

His statement was promptly followed by accusations of "cynical sleight of hand" by the Detainees Parents Support Committee (DPSC) which pointed out that in terms of the Children's Act the legal definition of childhood was 18 and that the committee's own carefully documented research showed that over 4,000 of the more than 20,000 people detained so far under the emergency laws were in this age group.

Black Sash, the civil rights organisation staffed solely by women, estimated that between 1,300 and 1,800 children aged 17 or less are in detention.

In addition to the 20,000 detained under emergency regulations at least 2,800 other people are detained under the internal security laws, the committee added.

Gen Johan Coetzee, the chief of police, yesterday denied that children were held in the same cells as adults or common criminals and said that regulations covering the notification of next of kin were sometimes thwarted because children gave wrong names and addresses when detained.

According to the figures given by Mr Vlok the youngest child in detention is only 11 years old with six more aged 12 years and 21 of 13 years.

Recent reports on the effect of detention on young people in particular have stressed the psychological damage caused during detention.

● Mr Stoffel Botha, the Minister of Home Affairs, yesterday issued a deportation order against Prof Phillip Bonner, a British-born academic in the history faculty of Witwatersrand University for 15 years who has been deeply involved in education programmes for black trade unionists.



# Reagan prepares to walk a tightrope

Congressional hearings into the Iran arms scandal began yesterday. **Stewart Fleming** reports

A NEW and, for President Ronald Reagan, dangerous phase in the Iran arms scandal began yesterday with the first of what promises to be a protracted series of Congressional public hearings into the conduct of foreign policy by the White House.

Mr George Shultz, the US Secretary of State, appeared before the House foreign affairs committee as close friends of President Ronald Reagan warned that he must take the initiative and give a full acount of the Iran affair before other investigations drown the White House in a flood of new revelations.

"This thing is festering and going to get out of control unless we get all the circumstances out and published as soon as possible.I think Mr Reagan is in grave danger," said former Senator Howard Baker, who was one of the leading figures on the special Senate committee which 13 years ago investigated the Watergate scandal and helped to end President Richard Nixon's presidency.

Mr Baker said the President needs to "jettison" any idea of claiming executive privilege to block his aides from testifying and not oppose Congress granting limited immunity from prosecution in order to get the facts out. But he emphasised that the President should be ahead of the committee, ahead of the special prosecutor and give a lead in dsiclosing the facts to the general public."

It is barely a month since it began to seep out that the US had been ignoring its own anti-terrorist policies by secretly shipping arms to Iran. It is two weeks since the White House admitted that proceeds from the arms sales may have been used illegally to finance Contra guerillas in Nicaragua.

Already a plethora of congressional investigations of the Iran arms scandal have been either started or announced — a reminder that a President who, out of ignorance or arrogance, ignores the prerogatives of the legislative branch of Government can be called painfully to account.

After first stonewalling, thus reviving memories of the disastrous Watergate cover-up practised by President Richard Nixon in 1972-73, President Ronald Reagan has swiftly shifted course in the past two weeks. He has now accepted that his best hope of political salvation is to accept the inevitability of an inquisition into the Iran arms blunder.

Mr Reagan has appointed three eminent foreign policy experts to inquire into the operations of the National Security Council, the White House agency from which the covert Iran / Nicaragua deals were managed. The team, whose report could be published, in part at least, early next year, includes Mr Edmund Muskie, a Democrat and former secretary of state and Mr Brent Scowcroft, a former national security adviser to President Gerald Ford.

The President has accepted too that the criminal investigation of the Iran affair could not credibly be conducted by Attorney General Edwin Meese, the nation's top law officer and one of his oldest political advisers. So steps are being taken under the post-Watergate 1978 Ethics in Government Act to appoint an independent counsel to probe the alleged wrongdoings of top executive branch officials.

President Reagan has also vowed to co-operate with the separate and arguably most politically threatening inquiries which have already started on Capitol Hill behind closed doors, but which will begin in earnest early next year. Special committees of the Senate and the House, chaired by the Democratic Party which now controls both chambers, are then due to begin their own public hearings.

These inquiries are part of both a legal and a political process so Mr Reagan's public promise that "if the investigatory processes . . . are given the opportunity to work . . . all the facts will shortly be made public" should be taken with a pinch of salt.

Given the covert and international nature of the Iran affair, there is an obvious tension between the need to disclose what went on and the need to avoid further embarrassing America and its allies. It is also in Mr Reagan's self interest to try to limit the disclosure of information which will embarrass the White House and the Administration.

But it will not be easy to tread this fine line between the need to restore public confidence in his Administration and the need to protect the US, America's allies and the White House.

The White House's commitment to disclosure has already been compromised by the not-unreasonable decisions of Vice Admiral John Poindexter and Lt Col Oliver North, the two men who the White House says knew of the Iran/Nicaragua link, to refuse to answer congressional questions. Both reportedly cited the Fifth Amendment to the constitution, which says that an individual cannot be forced to incriminate himself.

Mr Reagan has abandoned the illusion that the Iran affair (like the Reykjavik summit breakdown) is another job for White House Chief of Staff Don Regan's "shovel brigade," the posse of public relations experts Mr Regan unwisely claimed could clean up almost any mess.

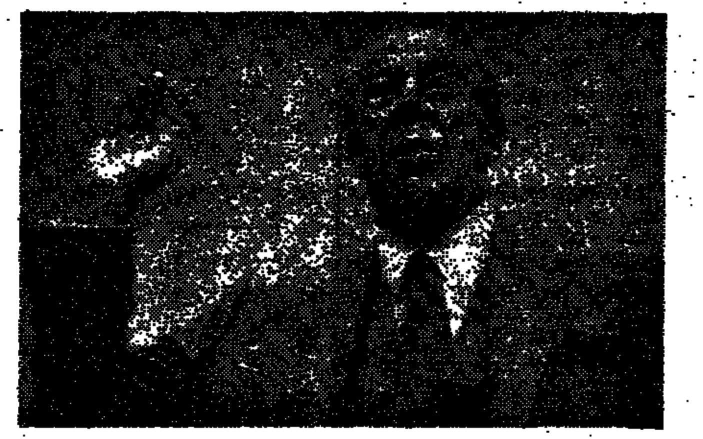
The least politically worrying of the various inquiries is the inquiry into the operations of the National Security Council by the three person panel headed by the former Senator John Tower, a conservative Republican.

The NSC staff masterminded the Iran operation and the panel is expected to recommend, among other things, that the White House advisory agency should stop playing international cowboy and do what it does best, act as honest broker between the barons of the Administration foreign policy establishment. Mr Scowcroft believes the NSC functions best as a co-ordinating agency providing objective advice to the President. Potentially embarrassing covert US operations, it is widely agreed, are best kept well away from the Oval Office and the White House.

The independent counsel's investigation is harder to access. It is not clear yet how broad an investigatory mandate the counsel will be given or whether the terms of reference will be published. His job essentially could be defined quite narrowly: to investigate whether laws were broken, in particular by Lt-Col Oliver North who has been dismissed from the NSC, or other top officials. The independent counsel will work in secret, but Justice Department officials say he may need to empanel with a Grand Jury, often a notoriously leaky judicial institution.

Protracted committee hearings through next year could, as Mr Reagan has admitted, disrupt "the orderly conduct of a vital part of the nation's government." By limiting to two the number of committees looking specifically into the affair, he has reduced the chances that White House officials will be spending the next few months preparing to testify to one committee after another.

How politically damaging the hearings will be will depend on what new disclosures are made and how much public attention is focused on them. In practice, the Iran affair and the conduct of Administration foreign policy and White House management procedures, will come in for critical public review. This threat puts the President under pressure to try to get the Iran affair behind him and off the front pages of the newspapers, something he is working hard at but has not yet succeeded in achieving.



George Shultz takes th eoath as he prepares to testify before the House Foreign Affairs Committee

# North linked to Swiss account by US officials

BY WILLIAM DULLFORCE IN GENEVA

THE NAME of Lt Col Oliver North, the US marine at the centre of the Iranian arms scandal, is understood to have been linked by the US Justice Department to one of two Swiss bank accounts on which it is seeking information from the Swiss Government.

Switzerland's federal Justice Department yesterday asked the US to supply more facts to show that a criminal investigation is being conducted in the US in connection with the bank accounts.

Evidence was lacking in the request for legal assistance received from the US yesterday, to enable the Swiss Government to order banks to block accounts or release records, Mr Jörg Kistler, of the Justice Department said.

But Credit Suisse confirmed that of its own volition last Friday it had blocked funds in an account after being informed by the Swiss Foreign Ministry that a US application for legal assistance was on its way.

Lake Resources, a company previously mentioned in US newspaper reports, is understood to be the holder of the account with Credit Suisse.

The US request to Switzerland for help in investigating the channelling of profits from the sale of US arms to Iran named three people in connection with two bank accounts. The Swiss Justice Department would not divulge the names yesterday and the US embassy in Bern referred reporters to the State Department in Washington.

Mr Edwin Meese, the US Attorney-General, last month disclosed that between \$10m and \$30m (£7.1m to £21.4m) from the Iranian arms sales had been laundered through Swiss accounts to Contra rebels fighting to overthrow the Sandinista Government in Nicaragua.

To obtain information about these accounts the US has to follow the careful procedure laid down in the International Mutual Assistance law which Switzerland enacted in 1983 largely under US pressure.

Bank officials face prison and fines under tight Swiss bank secrecy regulations if they divulge information about clients or their accounts, unless ordered to do so by magistrates.

# Texan Jim Wright is elected House Speaker

BY STEWART FLEMING IN WASHINGTON

Mr Jim Wright, a 63-year-old Democrat from Texas, was elected yesterday to succeed Mr Thomas P. O'Neill as Speaker of the House of Representatives, one of the two most powerful positions in Congress.

Mr Wright follows in the steps of two other leading Texas politicians, Representative John Nance Garner, who was also vice president in the Roosevelt Administration and the austere representative Sam Rayburn who was one of the mentors of former President Lyndon Johnson.

The soft-spoken Mr Wright is generally seen to be less liberal than Mr O'Neill, the man he succeeds. Mr O'Neill, from Boston Irish stock, has occupied the congressional seat previously held by the late president John F. Kennedy.

A moderate, Mr Wright was elected to the House in 1954. In 1961 he ran unsuccessfully for the Senate in a special election to fill the seat of then Senator Lyndon Johnson when he was elected vice president.

Mr Wright served in the army airforce in the Second World War, flying combat missions in the South Pacific.

In Congress he has a reputation for paying more attention to legislative details than Mr O'Neill.

Mr Wright is thought to be more inclined than his predecessor to urge a comprehensive effort to begin tackling the huge federal budget deficit.

# Honduras says US is ferrying hundreds of troops to battle zone

BY OUR FOREIGN STAFF

US HELICOPTERS are ferrying hundreds of Honduran troops to a battle zone at the Nicaraguan border to fight Sandinista forces who crossed the frontier in pursuit of US-backed Contra rebels, a Honduran official said yesterday.

A US embassy spokesman said President Jose Azcona requested the airlift, which began on Sunday, to the US-built airstrip at Jamastran, 18 miles from Nicaragua, using US Chinook transport helicopters.

Honduran officials said yesterday they believed Sandinista forces were withdrawing from Honduras and that there were no reports that reinforcements flown into the combat zone on US helicopters had fought with Sandinista troops.

The Honduran decision to launch air strikes against intruding Nicaraguan army units signals a determination to deal with Sandinista border violations, according to Honduran officials and Western diplomats in Tegucigalpa.

The decision appears to have been prompted by Sandinista attacks late last week on Honduran military positions. Those assaults broke with what observers say had previously been Managua's policy of targeting only Contra guerrillas based in Honduras.

Though Sandinista patrols have reportedly been harassing rebel positions in the so-called Las Vegas salient for several months with the tacit acceptance of the Honduran military. Popular Sandinista (EPS) forces overran an army outpost last Thursday night and took three more positions from Honduran soldiers before dawn last Saturday, according to officials here.

While it has been suggested that the Sandinistas attacked the Honduran army in error, believing it was fighting Contras, Sandinista intelligence is thought to be too accurate to allow such a mistake.

More likely, according to one source who has been closely monitoring the border situation, is that Managua is seeking to pressure the Honduran Government into demanding the Contras should take their war into Nicaragua.

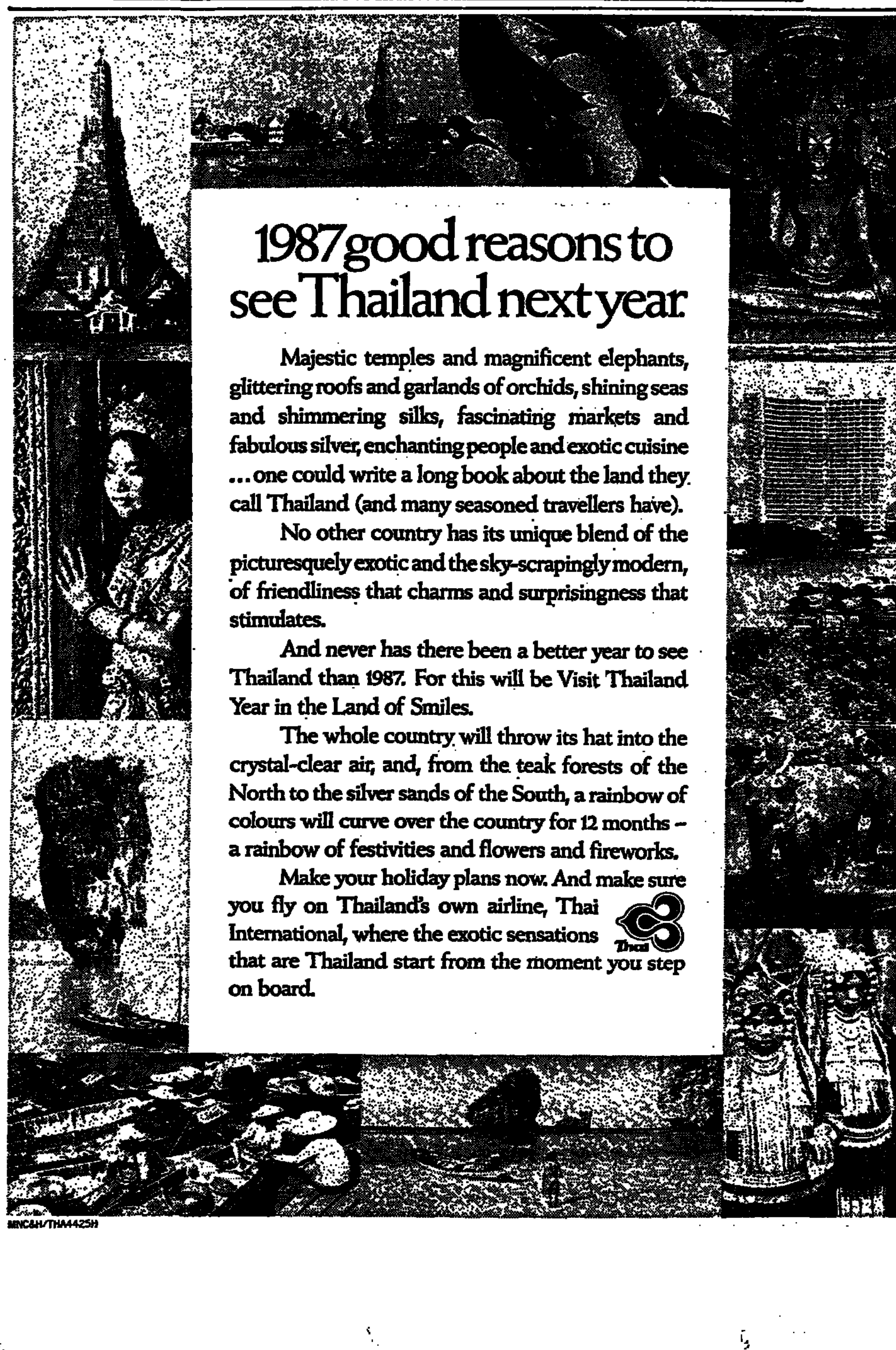
"One of the Sandinista aims is to harass the Hondurans as much as they can get away with "the source suggested. Under direct assault by the Sandinistas, he said, the military here might be persuaded to see the Contra presence inside Honduras as the source of its problems and to insist that the rebels leave.

At the same time, one Western diplomat argues, Managua may be seeking to escalate fighting on the border to press its case for the creation of a multilateral peace force along the frontier.

Such a force, the Sandinistas hope, would hinder rebel infiltration" and the heightened fighting at the weekend raises the profile of the volatile nature of the area, the diplomat suggests.

While Honduras has hitherto turned a blind eye to Sandinista operations against Contra positions, its air strikes against Sandinista units make this "a totally different ball game," said the Western diplomat.

The Hondurans "are taking much more control than they have done before," the diplomat said. But they had decided the Sandinistas had gone too far. "They are more prepared now than they have ever been to impose their will on the situation."




# WORLD TRADE NEWS

## US starts talks on $100m loan to Jakarta

By John Murray Brown in Jakarta

THE US Export Import Bank today starts negotiations in Jakarta on terms of a proposed $100m (£70.9m) soft loan with Indonesia in the latest move to win back export business from Japan and other major competitors.

Officials say that up to $80m may be financed by the Exim-Bank's two-year $300m "war chest," set up by President Reagan in October to match rival bids for key Third World contracts in South-East Asia.

The loan will be used to support exports of US high technology products, such as telecommunications, electronics, electric power plants and transmission equipment.

The US bid follows moves by Japan, the UK and most recently West Germany, all of whom have offered concessionary finance to support their exports of industrial products to Indonesia. France, a past-master of the so-called mixed credit, is also said to be close to agreement on loan terms.

Japan leads the field in soft loan financing to Indonesia. It has given a $580m loan this year, part of which will cover 25-30 per cent of local costs.

The UK agreed a £140m soft loan in July, however, without a provision for local costs. West Germany agreed two weeks ago to a mixed credit package of DM 300m (£103m), of which DM 100m is soft loans at 2 per cent repayable over 30 years with a 10-year grace period.

The issue of concessionary finance to support exports has been at the centre of a long-running trade dispute between industrialised nations. This surfaced most recently at a meeting in Paris of members of the Organisation of Economic Co-operation and Development (OECD).

The US then blamed the Japanese for failure to reach agreement on the vexed question of mixed or tied aid credits, particularly over the level of the grant element currently set at 25 per cent.

The immediate question is whether the US can agree loan terms within Indonesia's present restrictive mixed credit policy, which allows for soft loan finance repayable at 3.5 per cent over 25 years with a seven-year grace period.

One US official said yesterday he hoped this was only a negotiating position.

The UK £140m soft loan which is for rural electrification, rail and bridge construction, and the installation of a new radio station, was only signed after Indonesia agreed to repay interest at 3.5 per cent in US dollars, then equivalent to 6 per cent sterling.

However, the UK faces demands, in line with Japan and West Germany, that Indonesian costs be covered by the soft loan, something they seem likely to concede.

France is reported to have overcome similar difficulties on interest repayments, but cannot agree on the split between the soft loan and the mixed credit.

Officials expect to sign before the end of the year,

### Swedes' power orders

Goetaverken Energy Systems, the boiler and power plants subsidiary of Swedyards (the Swedish state-owned shipbuilding and engineering group), has received orders worth about $26m (£18.4m) to extend its existing diesel power plants in the Sudan and Macau, Sara Webb reports from Stockholm.

## McDonnell-Douglas wins Mitsui order for 5 MD-11s

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

McDONNELL-DOUGLAS of the US has taken another big step forward to the formal launch of its new MD-11 long-range airliner, with an order from Mitsui & Company of Japan for five aircraft, worth about $500m (£354m) including spares.

The Mitsui deal follows last week's order from British Caledonian Airways for nine tri-jet MD-11s worth about $1bn, or about £700m. Together, the orders amount to 14 aircraft, worth about $1.5bn, about half the total McDonnell-Douglas has said it needs formally to launch the programme.

Mitsui is a big Japanese industrial conglomerate moving increasingly into aircraft leasing. The company has been the McDonnell-Douglas representative for commercial aircraft marketing in Japan and other Far East and Asian countries for some time. Mitsui has annual trading transactions exceeding $110bn.

Yesterday, McDonnell-Douglas said that a formal launch decision on the MD-11 was likely "in the near future."

Several other major airlines and other customers are lining up for the MD-11, including American Airlines and Federal Express of the US, and European airlines such as Swissair and Finnair, although none of these are yet ready publicly to admit their interest.

Nevertheless, McDonnell Douglas is believed to be confident that before the end of this year, and probably even before Christmas, it will have enough orders on the books to enable it to announce its formal commitment to the MD-11 programme.

Designed as a replacement for the company's successful DC-10 long-range jet airliner, the MD-11 will be capable of carrying more than 300 passengers over distances of more than 7,900 miles non-stop. An "extended range" version would be able to fly over 8,800 miles non-stop.

In the world airline industry, no one now doubts that McDonnell-Douglas will formally launch the MD-11, and that it will be flying in airline service by the early 1990s.

Neither Mitsui nor British Caledonian would have committed themselves if they had felt that McDonnell-Douglas was not likely to go ahead.

The Mitsui deal puts even more pressure on Airbus Industrie, the European consortium planning a rival long-range airliner—the four-engined A-340 —to take an early decision to launch that jet onto world markets.

Airbus, however, is still waiting for formal financial commitments from its partner companies, and especially British Aerospace in the UK, which has asked the UK Government for £750m launch aid to build the wings for the A-340 and its companion aircraft, the short-range twin-engined A-330 airliner.

Sir Austin Pearce, chairman of BAe, yesterday met Mr Geoffrey Pattie, Minister of State in the Department of Trade and Industry, to discuss this launch aid question, but no formal Government commitment has yet been made.

By acquiring the MD-11s, Mitsui intends to expand its aircraft business operations further.

## HK-Canton optical fibre contract goes to C & W

BY DAVID THOMAS

THE CONTRACT for the first optical fibre communications system between Hong Kong and China has been won by Cable and Wireless, the UK international telecommunications group, and the UK subsidiary of Pirelli, the Italian cable and tyres company.

The two companies have reached an agreement with Guangdong Posts and Telecommunications Administration for an optical fibre system between Hong Kong and Canton.

Cable and Wireless has been helping the Guandong authorities install what observers consider to be the most modern telecommunications network in China.

Cable and Wireless will install the optical fibre link with Hong Kong and run it jointly with the Guangdong authorities. Pirelli will make the cable, a part of the contract which is understood to be worth £1.9m.

The new system, which is due to start operating in the first half of 1988, will help meet the growth in phone traffic between Hong Kong and China, at present running at about 50 per cent a month.

The system will be a broadband one, capable of handling 20,000 phone calls at a time, as well as facsimile, television programmes and other data. It is intended to be flexible enough to expand up to 50,000 calls at a time.

## High demand expected for wristwatch-pager

BY DAVID THOMAS

THE wristwatch-pager, a revolutionary communications idea being developed by AT&E, a Californian company, will capture almost half the paging markets in the US by 1992, its backers say.

The wristwatch pager, which AT&E is developing with the help of Plessey, the UK electronics company, will allow messages to be transmitted via wristwatches.

AT&E believes that the device, to be called a Receptor, contains two advances which will boost the already worldwide fast-growing demand for mobile communications.

It will be an international paging system. Through interconnection with the public phone network, a managing director in London will be able to page his finance director in Tokyo.

The Receptor will also be cheap enough, probably about $150 (£106) to bring mobile communications into the domestic market for the first time, its backers hope.

AT&E, which expects to spend about $30m on the idea by the end of 1988, is now pursuing the deals necessary to get the system running.

It has already signed an agreement with Seiko, the Japanese watch manufacturer, giving Seiko the exclusive licence to make and distribute the watch in Asia, and the non-exclusive licence to distribute it in the US. It is talking to a number of Swiss watch-makers about a contract for Europe.

AT&E also needs to agree deals with authorities controlling the radio spectrum because the paging message will be transmitted over radio waves.

The Receptor is to be launched on a trial basis in Washington next autumn and then fully in the US at the start of 1988.

The Receptor will be launched outside the US in the middle of 1988. The company's initial non-US targets are for 700,000 subscribers, of which about 60 per cent will be in Europe.

## Taiwan relents on wine and beer imports

TAIWAN is to grant greater market access to cigarettes, wine and beer produced in the US and EEC following threats of retaliatory measures, AP-DJ reports from Taipei.

Mr Robert Chien, Finance Minister, said yesterday that Taiwan would lower sales taxes on US cigarettes, wine and beer and allow "limited advertising" of these products in Taiwan, starting in January.

The agreement had been reached between the Taiwanese mission in Washington, the Co-ordination Council for North American Affairs and the American Institute in Taiwan, which represents US interests there, he added.

Taiwan has decided "in principle" that the same conditions under the US-Taiwan agreement would be applied to products from EEC countries, which have also put pressure on Taiwan to open its market, he added.

President Ronald Reagan had asked the US Trade Office to formulate retaliatory measures against Taiwan because, he claimed, it had broken a promise to remove some restrictions on the sales of US products in its market.

Mr Chien sand the US had decided not to formulate measures against Taiwan after the agreement had been reached.

Under the agreement, a packet of foreign cigarettes will carry a flat tax of New Taiwan $16.60 (45 US cents), making them about 30 per cent more expensive than locally produced cigarettes.

The sales tax on foreign wines will be Taiwan $119 (£2.20) a litre and foreign beer will be taxed a base Taiwan $30, Chien said.

Taiwan earlier had proposed a 185 per cent sales tax on US tobacco products, wine and beer, but the US said the tax would place its products out of the Taiwan market.

An official of a US tobacco company said Taiwan's proposed taxes were "good enough . . . at least we got something workable."

**Jim Jones** on a huge 20-year project to bring water to S Africa

## Lesotho looks to its highlands

THE formal signing of an agreement on the R4bn ($1.8bn) Highlands Water Project in Maseru recently ended almost 30 years of political wrangling. The project will bring water from Lesotho to South Africa's increasingly thirsty industrial heartland, diverting the headwaters of the Orange and Caledon Rivers from Lesotho's Maluti Mountains northwards to the Vaal River.

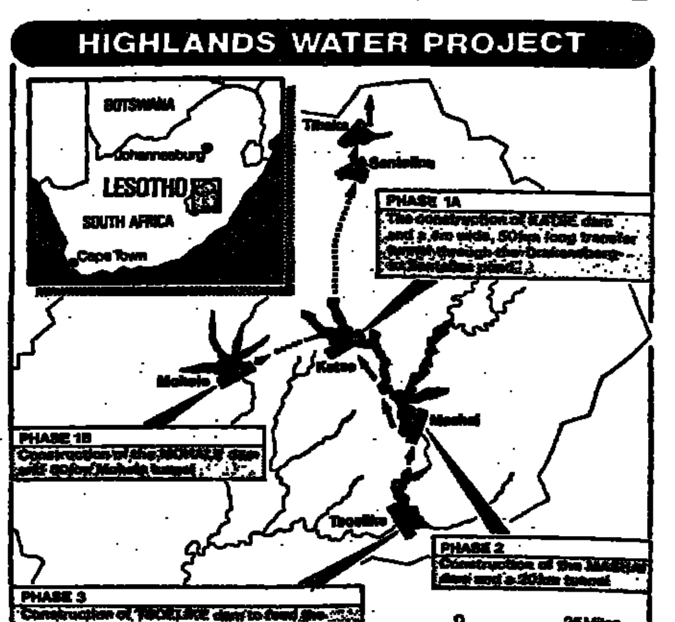
The 20-year project, in mountainous country which is virtually inaccessible to large construction machinery, involves construction of six dams (four of which will be higher than any others in Southern Africa), about 250 km of tunnels and more than 300 km of roads.

The first phase of the project, due to be completed by 1995, is the construction of a dam at Katse in Lesotho and a 50 km tunnel to carry water through the mountains to the so-called Sentelina Pond from where it will be pumped to the new Tlhaka dam and hydro-electric power station before being delivered into South Africa.

Lesotho's share of the cost of this phase of the project is estimated at about R1.2bn ($540m) and will be borrowed under the auspices of the World Bank.

South Africa, which is effectively excluded from international capital markets, will finance domestically the R250m ($112m) cost of those parts of the project falling within its borders.

As the first sections of the project progress, work will start on construction of a dam at Mohale and tunnels to carry water from one of the tributaries of the Orange River to Katse.




The first part of the contract, R100m ($45m) of design, survey and geotechnical work, has already been put out for tender or is under way. Contracts for the remainder of phase one are expected to be put out for international tender early next year.

Phases two and three of the project will start once phase one is complete and include dams at Tsoelike, Mashai, as well as connecting tunnels to join up with the dam at Katse.

When the project is completed in the early years of the next century about 2.2bn cubic metres of water will be delivered each year into the Vaal river system to flow to the dams and reservoirs of the Southern Transvaal.

Apart from providing water to the industrial areas of the Southern Transvaal, where longer-term economic development is restricted by water availability, the Highlands Water project will provide Lesotho with all of her electrical power needs and remove the country's almost total reliance on power from the South African grid. In addition, construction of the roads needed to give access to the various dam sites will open up the mountainous centre of Lesotho.

The South Africans believe that this additional water availability will encourage industrial decentralisation, though regional economists argue that water projects over the next half century or so will have to be designed to carry water to the Southern Transvaal, which is the sub-continent's most viable industrial concentration.

Plans are already being mooted to tap water at the confluence of the Chobe and Zambezi rivers in northern Botswana to deliver up to 2.4bn cu. metres of water a year to South Africa. Getting that project off the ground, however, will involve far greater shifts in relationships between South Africa and the Zambezi basin countries — Angola, Zambia, Zimbabwe, Botswana and Mozambique — than were necessary for the Highlands Water Project.

The Lesotho Highlands Development Authority, which is responsible for the Lesotho side of the project, says talks are in progress to secure funding from the World Bank, the EEC and the UK's Overseas Development Association.

# UK NEWS

## Coca-Cola, Schweppes launch joint drinks company

COCA-COLA, the world's biggest soft drinks company, and Cadbury Schweppes, the UK confectionery and soft drinks group, yesterday formally launched a new joint company which will handle their soft drink brands in the UK, **Lisa Wood** writes.

The launch of the venture, with agreement in principle announced a year ago, comes at a time of major restructuring within the indigenous UK soft drinks industry. Both Coca-Cola and Pepsi-Cola International have forged new trading relationships from which they should be more able to wage their long-running "cola war."

Mr Dominic Cadbury, group chief executive of Cadbury Schweppes, said yesterday that the joint venture, called Coca-Cola & Schweppes Beverages, was the "big bang" of the soft drinks industry.

He said the UK soft drinks market was growing at about 5 per cent a year but was capable of more significant growth with UK per capita consumption lagging well behind that of the US and some Continental markets. The combined business with its high-volume runs would allow a level of marketing and merchandising support that had not been seen before.

The new company is forecast to have a 33 per cent share of the UK carbonate and mineral water market, worth in excess of £12bn a year. At present Coca-Cola has about 21 per cent of the market and Schweppes' 10 per cent.

□ **CELATOSE**, the French-based disposable nappy manufacturer, which claims to be Europe's largest private label producer, is to open a factory in Blackwood, South Wales, with the creation of 200 jobs over the next three years. The £7m plant will become the company's second UK factory – the first one, established in 1983, burned down last year – and is aimed at securing its dominance of the own-label throw-away nappy market, one of the fastest-growing consumer markets in the UK.

□ **INTERNATIONAL MOTORS**, the privately owned West Bromwich company which imports Subaru vehicles from Japan and Hyundai cars from South Korea to the UK, has signed an agreement to market Isuzu cars in Britain. The deal has been arranged less than two weeks after the former Isuzu cars import company, owned by directors of the Follett car dealership group, was placed in the hands of a receiver by its banker, London and Continental.

□ **OVERSEAS** manufacturing companies established in Wales in the past 15 years have been generally free of strikes and industrial disputes, according to a report by the government conciliation service, Acas. A study of industrial relations in Welsh overseas companies found that 19 out of a sample of 26 had no record of any industrial action in the period 1975–85.

□ **THE UK** Government would need more time to consider British Aerospace's request for up to £750m launch aid to participate in the next generation of European Airbuses, the A-330 and A-340. This emerged after a meeting between BAe executives and Mr Geoffrey Pattie, Industry Minister.

□ **SCOTLAND'S** electronics industry gained a new US manufacturer with the announcement that Inmac, a California-based maker of computer accessories, media supplies and data communication equipment, is to set up a £1.2m facility at the new town of East Kilbride, near Glasgow. It will create about 80 jobs over a three-year period.

□ **CHRISTMAS** posting has begun early this year with almost 60m items a day handled in the first days of December. This follows a record autumn for the Post Office, which dealt with about 46m letters a day, up by 4m a day on the same period of last year.

□ **CARPHONE GROUP**, a leading independent retailer of equipment for the fast-growing cellular telephone market, has acquired Advance Car Telephones, a London-based cellular retailer.

□ **MR JOHN LIPTROTT** became general secretary of the Union of Democratic Mineworkers, which broke away from the National Union of Mineworkers following the 1984/85 miners' strike. Mr Liptrott, whose victory was widely expected succeeds Mr Roy Lynk, who played a crucial role in establishing the UDM following the strike. Mr Lynk was recently returned unopposed as national president of the union.

## Speed-up likely for nuclear power inquiries

**BY MAX WILKINSON, RESOURCES EDITOR**

THE GOVERNMENT is taking steps to prevent future public inquiries into nuclear power station plans being dragged out over many years.

A report has just been delivered to Mr Peter Walker, Energy Secretary, almost four years after an inquiry began into plans to build a pressurised water reactor (PWR) at Sizewell, on the east coast of England. It was Britain's longest public inquiry, lasting 27 months.

The transcript of the proceedings was 24 times as long as War and Peace, and the typewritten report from the inspector, Sir Frank Layfield, ran to about 2,000 pages and 100 chapters. The inquiry verdict is expected shortly.

Ministers have been embarrassed and annoyed by time needed to take, and then sift through, the mountains of evidence. The report is now in danger of being seen in many quarters as seriously out of date.

Arguments for building a new nuclear power station are now very different from those put forward in 1981, when the Central Electricity Generating Board (CEGB) first applied for permission to build a PWR at Sizewell. Then, the CEGB said the main reason for the project was that it would reduce overall costs. More recently it has been saying that it needs new power plant to avoid the risk of power cuts in the next decade.

To avoid similar confusions, ministers want to ensure that future planning inquiries into power stations and similar projects are completed more speedily, preferably within about a year. This will be particularly important if the CEGB is to pursue its plan for a major ordering programme for four or five PWRs and an equal number of coal-fired power stations in the next 15 years.

The Government will be anxious to avoid the charge that it is stifling public debate, but it is likely to tighten up procedures. Planning inspectors will be told that they must confine their inquiries as much as possible to local issues within the framework of agreed general policy, and terms of reference will be drawn more tightly to prevent objectors from ranging too widely.

## EEC cash rescue not ruled out

**By Tom Lynch**

THE GOVERNMENT would resist any increase in Britain's regular contributions to the EEC but would not rule out an emergency top-up to combat the Community's financial difficulties, Mrs Margaret Thatcher, the Prime Minister, told the House of Commons yesterday.

Mrs Thatcher faced the scepticism from her own back-benchers as well as from Labour MPs about the chances of avoiding a supplementary budget in view of what Mr Roy Hattersley, the deputy Labour leader, said would be a £3bn deficit by the spring.

Mrs Thatcher said the 1.4 per cent of VAT receipts which went to the EEC was enshrined by treaty which had been ratified by Britain and two other member states – the other nine would follow by the end of the year. The percentage could be varied only by the agreement of all governments.

In questions after a statement on the weekend meeting of EEC heads of government, MPs anxious about the cost of the common agricultural policy (CAP) and rising food stocks pressed her on whether there would be a supplementary budget.

Mr Hattersley said such a move was inevitable, since the EEC was facing "fiscal bankruptcy." He accused the Prime Minister of refusing to face the crisis in order to save her own face and to help Chancellor Helmut Kohl with the general election in West Germany.

Mrs Thatcher emphasised that she did not favour an increase in the Community's own resources. She said she would "strain against" any rise in the 1.4 per cent until she was satisfied that the problems of CAP had been dealt with.

She admitted that the EEC's finances were "in very, very serious difficulties." The Community might run out of money by the end of next year.

## Political lobby 'may need more self-discipline'

**By Peter Riddell**

TIGHTER self-discipline by parliamentary journalists and restraint by Downing Street spokesmen may be necessary if the current system of unattributable briefings is not to break down, says a report by a four-member inquiry.

The team examined the position of the 150 journalists accredited by the House of Commons after a decision by The Independent newspaper not to attend unattributable briefings and by The Guardian newspaper to break the rules by attributing what is said to Downing Street spokesmen.

A ballot held in October decided by 67 votes to 55 to continue the current practice of non-attribution, that is, not specifying the identity of sources. However, parliamentary journalists also voted by 68 to 58 in favour of an inquiry.

## Retail spending and demand for credit remain buoyant

**BY JANET BUSH**

RETAIL SALES remained at a high level in October while consumers continued to borrow heavily.

Figures released yesterday by the Department of Trade and Industry (DTI) showed that the volume of retail sales was unchanged at September's all-time high while the total of new credit advanced fell modestly from the September record.

It is likely that consumer spending, which is being fuelled by rising real incomes for those in employment and the general availability of credit, will have picked up steam again in the run-up to Christmas and will be given a further boost if the Chancellor of the Exchequer cuts taxes next year, as expected.

Lending by finance houses, other specialist credit grantors, retailers and on credit cards totalled £2.8bn compared with September's £2.9bn.

Total advances of credit in the three-month period from August to October were 10 per cent higher than in the previous three months and lending on bank credit cards was up by 12 per cent between the two periods. The total amount outstanding at the end of October was £23.4bn, up 5 per cent from the total three months earlier.

The final seasonally adjusted index of the volume of retail sales in October was set at September's level of 123.2 (1980 = 100). The DTI said that in the three months from August to October the level of sales was 2 per cent higher than in the previous three months after seasonal adjustment and 6 per cent higher than in the same period last year.

● A call for Mr Nigel Lawson, the Chancellor of the Exchequer, to cut the top rate of income tax from 60 to 40 per cent has been made by the Adam Smith Institute.

The independent organisation, which advocates a free-market philosophy, argues that the supply-side incentives which would result from such a reduction would increase rather than reduce tax revenues.

**Industry costs jump, Page 16**

## Random searches for security staff

**BY MICHAEL CASSELL, POLITICAL CORRESPONDENT**

THE Government is to introduce random searches of personnel at government security establishments, Mrs Margaret Thatcher, the Prime Minister, said yesterday.

She was replying to Dr David Owen, the Social Democratic Party leader, who had written to her asking why a 1983 Security Commission recommendation that searches of staff be carried out at government security establishments had not yet been put into effect.

The recommendations had been accepted by the Prime Minister, who said they would be implemented as quickly as possible.

In her letter to Dr Owen, Mrs Thatcher said that there were practical difficulties in putting the commission's recommendations into effect. In the case of GCHQ, the intelligence unit, the proposals involved costly changes to site layouts and the provision of extra resources, which had taken time to arrange.

Dr Owen said last night that the Prime Minister's reply was totally unsatisfactory. "No one can convince me that it should have taken three years to implement the commission's recommendations. Even now, the best we can get from the Prime Minister is that it will be done as soon as practical.

"What it shows is how little clout and follow-through capacity the Security Commission has and is a reminder of how inappropriate a body it would be if charged with oversight of the security services."

## Britain's $10m Star Wars contracts exceed allies' share

**BY DAVID BUCHAN**

BRITAIN has won a further $10m (£7m) in Strategic Defence Initiative (SDI) research contracts from the US, the Ministry of Defence announced yesterday, giving the UK much the largest share in SDI (Star Wars) work of any American ally.

The five contracts are for research into electromagnetic launchers, command and control, target hardening, possible Soviet countermeasures to an SDI system, and a test bed study for a European SDI system.

The work will be led by MoD atomic weapons, radar, artillery, and aviation research establishments at Aldermaston, Malvern, Fort Halstead and Farnborough, respectively.

But the bulk of the work will be carried out by UK industry under sub-contracts. A consortium led by Easams has, for instance, won the major sub-contract on the SDI command and control study.

The new contracts were announced as Mr Caspar Weinberger, the US Defence Secretary, held discussions in London with Mrs Margaret Thatcher, the Prime Minister, Mr George Younger, Defence Secretary, and Sir Geoffrey Howe, Foreign Secretary, on a variety of defence and foreign policy issues.

The latest contracts bring the UK total of SDI contracts to $34m, which, although far below initial expectations, is well above the share of any other US ally.

Last week Mr Weinberger announced a total of $14m in SDI contracts to mixed consortiums of 22 US companies and 29 European companies, including eight from the UK.

The single most valuable SDI awards to the UK have been a $9.9m "European Architecture Study" contract to the UK defence ministry itself, and a $3.3m contract for the UK Atomic Energy Authority's Culham Laboratory to conduct research into the use of neutral particle beams for SDI purposes.

US officials attribute the UK's relative success in winning SDI work to the fact that Britain was the first to sign a formal agreement with Washington to participate in SDI and the fact that Britain has already done substantial missile defence work in conjunction with the Chevaline improvements to its Polaris nuclear force.

# UK NEWS

## Manufacturers' input costs show steepest increase for 2 years

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

INDUSTRY suffered a sharp rise in manufacturing input costs last month, but the pace of increase in factory-gate prices remained relatively subdued.

The Department of Trade and Industry (DTI) said that its index of fuel and raw materials costs rose by 2.3 per cent in November, the steepest increase for two years. The rise was blamed mainly on the normal seasonal rise in electricity costs, on the pound's weakness in recent months against the dollar, which has pushed up the cost of imported raw materials, and on higher prices for food manufacturing materials.

Even if seasonal factors are excluded, the figures confirm the upward trend in input costs apparent since their low point in the summer. The DTI's seasonally adjusted index was 0.5 per cent higher last month than in October.

Overall, raw material and fuel costs were 3.9 per cent lower in November than a year earlier but annual comparisons in the summer months showed a fall of more than 10 per cent.

The expectation that international commodity prices have now reached a floor, along with sterling's continued vulnerability on foreign exchange markets, have strengthened the view among economists that retail price inflation will accelerate next year.

Most independent forecasters expect the rate of increase in the retail price index to accelerate to about 5 per cent in late 1987 from the 3 per cent recorded in October, the last month for which figures are so far available. The statistics for November, to be released on Friday, are expected to show an annual rate of perhaps 3.3 or 3.4 per cent, reflecting the recent rise in mortgage interest rates.

So far, however, manufacturers are not passing on their additional fuel and raw materials costs to consumers, largely because they are still benefiting from the earlier falls. Yesterday's figures indicate that output prices increased by only 0.2 per cent in November, bringing a fall in the annual rate of growth to 4.1 per cent from the 4.3 per cent recorded the previous month.

Although average earnings in Britain are rising much faster than in Britain's major competitor countries, the impact on unit costs has recently been partly offset by a recovery in manufacturing output and productivity.

## Shipment to Libya 'broke embargo'

By James Buxton

LABOUR MPs claimed yesterday that the Government's embargo on the sale of arms to Libya had been breached by the export of shiplifting gear by a Glasgow company.

The equipment, which could be used to lift submarines out of the water, is destined for the port of Al-Khums in Libya. It was recently shipped to Italy to the construction consortium, Impregilo, which is building the port for the Libyans.

Northern Engineering Industries (NEI), parent of Sir William Arrol's yard at Glasgow which made the 1,100-ton shiplift, said that it applied to the Department of Trade for an export licence but was told that it did not need one because the shiplift was not military equipment and because it was being exported to Italy.

Mr George Foulkes, a Labour foreign affairs spokesman, is claiming that the British Government knew of the shipment and was conniving at a breach of its own embargo on sales of arms to Libya, which was imposed in 1984 after the shooting of WPC Yvonne Fletcher in St James' Square, London.

## Ulster court reform deadlocked

BY OUR BELFAST CORRESPONDENT

DIFFERENCES between the British and Irish governments over a reform of emergency courts in Northern Ireland remained unresolved after a four-hour meeting of the Anglo-Irish Conference in Belfast yesterday.

The conference was set up as part of the Anglo-Irish agreement signed 13 months ago and gives Dublin a say in the affairs of Ulster.

Mr Peter Barry, the Irish Foreign Affairs Minister, and Mr Alan Dukes, Minister for Justice, raised the issue of the non-jury, one-judge courts with Mr Tom King, the Northern Ireland Secretary, and Mr Nicholas Scott, Minister of State, during talks at Stormont Castle.

The Irish Government remains committed to persuading the British to introduce three-judge courts, a reform it believes is crucial if Roman Catholic confidence in the administration of justice is to improve.

The British Government has already rejected this idea, and Mr King repeated yesterday that there were "great practical difficulties."

However, the joint statement after the meeting spoke of the need "to seek constantly to develop and improve" the administration of justice and confirmed that legal matters would be on the agenda again at the next conference meeting in the new year.

The Irish Government, which believes that progress is still attainable, has begun to apply pressure. Changes in the republic's extradition laws, under the European Convention on Terrorism, will be debated later this week in the Irish Parliament, and the Dublin Government has made clear that progress on implementing the new Extradition Bill is linked to the speed of court reforms in Northern Ireland.

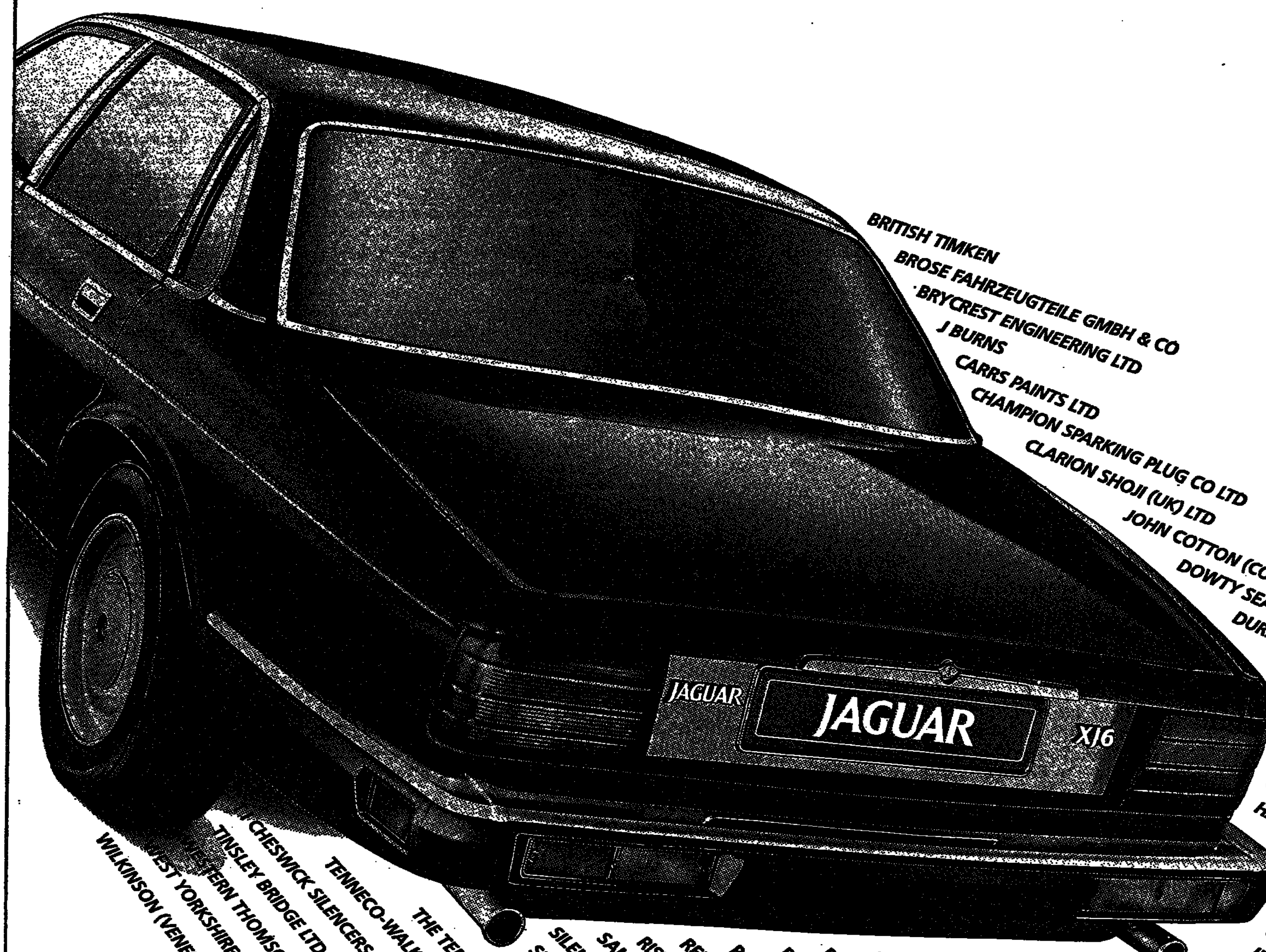
Progress on cross-border security was discussed by ministers, but neither of the two police chiefs attended, as they frequently do. They are believed to have had a separate meeting recently to discuss implementing new measures on anti-terrorist operations and intelligence sharing.

The statement said the two sides had talked about enhancing relations between the security forces and the minority in Northern Ireland.

Mr King said an Order in Council setting out a new independent complaints procedure for the Royal Ulster Constabulary would be published shortly.

There was brief discussion of two weekend incidents when British soldiers strayed across the border into the republic. One of the soldiers, involved in a follow-up operation after a mortar attack, was detained by police in the republic for several hours. In the other incident, members of an army foot patrol were directed back across the border by local people.

# Not entirely of our own making...

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**The Pursuit of Excellence Awards**

Inaugurated last year by the Directors of Jaguar, the suppliers awards for 1986 especially acknowledge the efforts of 44 companies that have consistently produced high standards of quality and service. All contributing to the skilled process of building a Jaguar car.

Yesterday, at a special ceremony held at London's Churchill Hotel, Giles Shaw MP, Minister of State for Industry, presented a commemorative plaque and framed certificate to each of the award winning companies.

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Special congratulations go to Hepworth and Grandage Limited of Bradford, Yorkshire, sole suppliers of piston assemblies for the new Jaguar AJ6 range of 2.9 and 3.6 litre engines, as well as the legendary XK and V12s.

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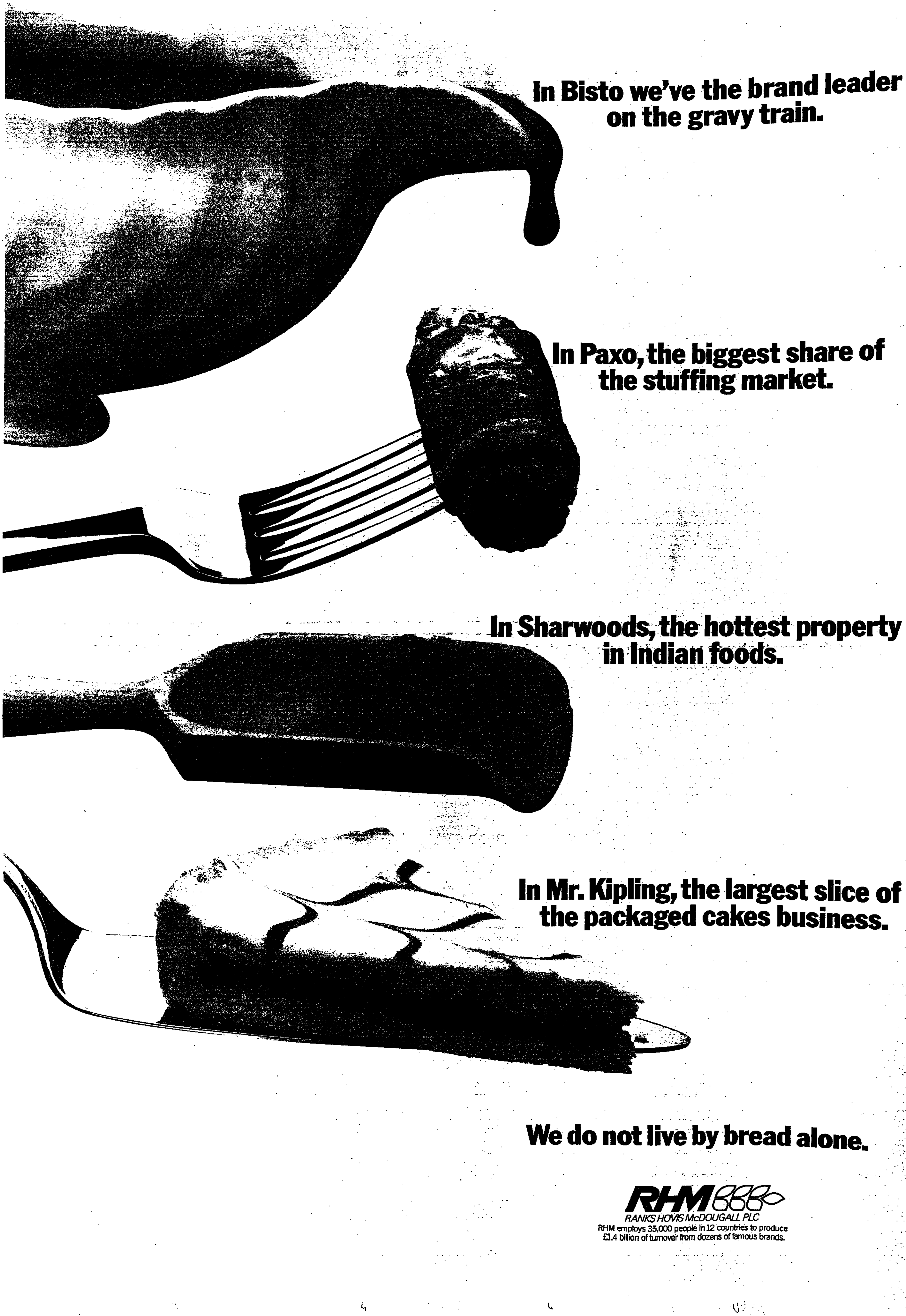
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## CENTRAL AMERICAN ECONOMY

**Canute James** reports on a Caribbean production sharing trend

# Rising wages force Puerto Rico to help its neighbours out

THE NEED to stay competitive in the Caribbean is prompting US companies which opened subsidiaries in Puerto Rico several years ago to move some of their production to neighbouring countries. They are being attracted to the other Caribbean islands and some Central American countries because production costs in Puerto Rico, mainly wages, have moved close to those on the US mainland.

The companies' efforts are taking the form of production sharing — so called "twin plants"—and are being backed by about $800m from the Government Development Bank of Puerto Rico. The islands administration has been increasingly concerned that loss of competitive advantage could see firms moving to the Far East.

Companies use twin plants in other countries for labour-intensive primary production, with finishing done in Puerto Rico.

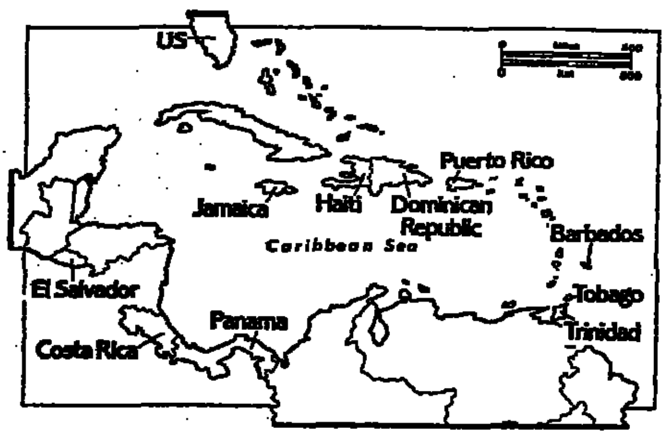
"We have found twin plants to be beneficial to our operations in Puerto Rico," said Mr Kenneth Wilson, general manager of offshore manufacturing for Westinghouse, which has four twin plants in the Dominican Republic and is opening another next month. "Components are assembled in the twin plant, tested in Puerto Rico and then sent to the US. Our labour rates in the Dominican Republic are 25 per cent lower than in Puerto Rico, and labour costs in the twin plant and the Puerto Rican operation work out at 15 per cent less than on the US mainland."

While the Dominican Republic, with 10 twin plants and another 20 planned, is the favoured location, another six are operating and about 30 are planned in 10 countries, including Costa Rica, Haiti, Jamaica, Barbado, Trinidad and Tobago, Panama and El Salvador.

"Twin planting is good business," argued Mr Alfred Roach, chairman of TTI Industries of Puerto Rico, which makes voltage surge protectors and telecommunications equipment. "Three years ago we had a lucrative takeover offer from Japan because we were able to establish twin plants in the Dominican Republic and Haiti. Our sales went up 22 per cent last year and net income doubled to $1.3bn."

Mr Antonio Colorado, head of Puerto Rico's economic development administration, reported the case of a shoe manufacturer which left Puerto Rico for Taiwan because of increasing labour costs. "They are back, and now competitive because they have a twin plant in another island."

The attraction of twin planting to companies worried about losing a competitive edge which




they once enjoyed from their Puerto Rican operations is clear. In the Dominican Republic, as in other countries in the region, a twin plant employing 200 workers at an average wage of 65 US cents per hour, 18 cents above the national minimum wage, has an annual wage bill of $2.7m less than if it were located in Puerto Rico.

The funds the Puerto Rican administration is using to back the production sharing scheme are from deposits made by US mainland companies operating in Puerto Rico under Section 936 of the US tax code, which allows exemption from taxes on income deposited in the island. The deposits are estimated at $8bn and the island's administration says it will use a tenth of this for industrial co-operation.

Ironically, the programme was first proposed by the Puerto Rican government as an arm of the Reagan administration effort to strengthen Caribbean economies through special trade preferences. This was part of Puerto Rico's attempt to discourage the US Treasury from pursuing proposals to do away with Section 936 — a move which the Puerto Ricans considered would have irreparably damaged the basis of the island's economy.

"Section 936 is now safe, so they do not really need the programme as part of their lobby in Washington," said one Dominican industrialist. "But the Puerto Ricans now regard twin planting as one way of preventing widespread desertion from the island."

The Puerto Rican Development Bank loans twin planting capital to Puerto Rican companies at three points below Libor (London interbank offered rate). The funds can be accessed directly by the companies, but cannot be loaned to companies and financial institutions in other countries unless their governments have a financial information agreement with the US. Only Barbados has such an agreement, while Jamaica and Costa Rica are expected to sign soon.

The financial information agreements, however, are controversial. They are widely regarded in the Caribbean as part of efforts of the US Justice Department to trace tax dodgers and drug traffickers who are laundering money in Caribbean financial centres. Some Caribbean government officials say also that in order to implement such agreements with the US, some states will be forced to change their own financial disclosure legislation.

This is not the only concern of the Caribbean countries which host twin plants, and which are hoping to benefit from the production sharing scheme. They welcome the jobs in a region where unemployment averages 25 per cent. Mr Rafael Hernandez Colón, governor of Puerto Rico, said the twin plant programme had created 4,000 jobs in Puerto Rico and neighbouring countries, and that if 50 of the projects under study were implemented they would result in 6,200 new jobs in Caribbean basin countries and 4,000 in Puerto Rico.

"There is certainly an advantage for us in this, and any project which is viable and creates jobs we welcome," said a Barbadian government official. "But the danger from twin plants is that they lock us into a level of technology which offers little scope for improvement.

"It puts a cap or our industrialisation programme which limits us to assembly-type industries. While we welcome twin plants, and while we encourage them, we are aware that in terms of local value added, all we contribute is labour."

Mr Colorado suggests, however, that this perceived limitation to industrial advancement is not a real disadvantage to the countries hosting twin plants. Puerto Rico's industrialisation, he claims, started 40 years ago with operations similar to today's twin plants.

The production-sharing programme has so far involved US companies. Mr Colorado is visiting London and other European cities next month to try to sell the idea of twin planting in Puerto Rico and other Caribbean countries, mainly to firms which have a market in the US. He also says there is a potential market in Japan. Not only will these companies have preferential access to the US and Canadian markets through special trade arrangements for many Caribbean countries, he said, but they will also be able to use a similar preference in selling to the European community through the Lome convention.

# THE ARTS

## Wimbledon School of Art/William Packer

# Reprieve from the Polytechnic

The news has just come through that the Secretariat of the National Advisory Body for Higher Education in the Public Sector, hereafter called the NAB for short, has withdrawn the proposal it made earlier this year to merge the Wimbledon School of Art with the Kingston Polytechnic. Instead it speaks now of exploring the possibilities of formal collaboration between the institutions, whatever that might mean. After final ratification within the NAB, this is the suggestion which should now go forward to the Minister, Mr Kenneth Baker, for his decision.

The full merger, which was to take effect from September 1988, would, it was claimed, "secure the continuation of the range of work currently offered by Wimbledon School of Art within a major institution which offers a number of cognate subjects, and to ensure that the courses at Wimbledon School of Art are, in future, located in an environment capable of withstanding the possible effects of the demographic decline in the 1990s."

O brave new world, that has such assistant secretaries (NAB Administration) in't, to pass on with so deft a touch the news that administrators always know best. For the nice point here is that this barefaced and tendentious claim has been challenged and refuted on every point by all the specialist advice there is to be had in the field, interested and disinterested alike. The list includes the Council for National Academic Awards, which validates the courses in both institutions, the local authority, Merton, through which Wimbledon is funded, and the NAB's own working party on Art and Design, which has rejected the proposal twice. Not to speak of the many distinguished practising artists and designers of all kinds who have made their objections known. For Wimbledon, not perhaps a major institution in the eyes of the NAB, is yet a school of painting, sculpture and painting of national standing and boasts the pre-eminent undergraduate school of theatre design in Britain, if not in Europe.

This is not the time to rehearse in detail an argument that may already be won, but the general issue has a wider relevance: Wimbledon is not the only art school currently under threat. Our art schools seldom get a good press and it is a brave politician, national or local, who would spring conspicuously to their defence. There is, however, an irony here to savour. Though they win few votes, we now have a government that has taken to urging their importance by proxy in celebrating (in terms which would have delighted Prince Albert) the importance of design to our economic health. Better late than never for the penny to drop, but the hard truth is that everywhere those fine art and foundation courses, which must underpin any true education in art and design, have never been more at risk than they are today. Yet even now, long after the maladroit reforms of the 1960s that have been followed by 20 years of economic attrition under successive governments, our art schools continue to put a philistine nation to shame, by the enviable quality of the artists and designers they produce in every discipline.

Instead of sensible shame and active self-interest, we spit on our luck. From the time of that first period of retrenchment in the late 1960s, art school after art school was taken over in the process of rationalising extra-university higher education within the polytechnics. The great lie was offered in justification that in a period of economic stringency the interests of art education would be safe in the hands of the larger parent body. Nowhere has this proved to be entirely true and in most of these forced marriages it has proved to be very much less than even half true.

There may have been intervals of comparative security and even advance under a sympathetic director and academic board, but directors change. Funds and facilities must always be fought over by the warring departments of the modern polytechnic. And why, after all, should a conscientious head of physics or engineering forever concede art its special case, when he may not even accept its peculiar mysteries as true education at all? Caught everywhere between the demands of full-time committee politics and departmental survival on the one hand, and the duty on the other to deploy a depleted staff as the discipline requires, art schools everywhere have been outflanked and remain vulnerable.

Manchester, Birmingham, Sheffield, Cardiff, Liverpool and Wolverhampton are only a few of the old independent art schools of sustained achievement and national reputation to have suffered serious difficulty by amalgamation. One or two of them indeed are now reduced to the status of mere departments of departments within their faculties, or however the polytechnic jargon puts it. All, at best, are clients and dependents.

And there is Kingston too—and here again comes trotting out that raddled old lie in all her brazen glory, to persuade us she is honest. For Kingston Polytechnic already comprises an art school of its own with its several departments, one of which, that of Fashion Design, justly enjoys a world-wide reputation. The situation of its school of Fine Art, however, which embraces painting and sculpture, is not so happy. It has been knowingly run down to a point at which, with a proposed intake of only 18 and now attracting only twice that number of applicants, by the NAB's own criteria it is scarcely viable. The comparative figures for Fine Art at Wimbledon are 40 and 156.

*Cui bono?* Kingston has been brought to its present pass by the Polytechnic directorate's own response to an earlier directive from the NAB to implement cuts in resources of 10 per cent not equitably but selectively, and the lot fell upon Fine Art. So much for the claim that its interests were ever safe. But it would be unworthy, I am sure, to read into these latest manoeuvres any sense that Kingston Polytechnic, having decimated itself so neatly, now begins to see—again at the NAB's prompting—that there might have been a certain safety in numbers. The precariousness of art at Kingston is wrong in itself and should be countered, but it hardly makes the case for the convenient sacrifice of Wimbledon to the Polytechnic principle.

By a mixture of luck, circumstance and geography a number of the old independent art schools still survive, usually in places far from polytechnics, like Norwich, Winchester, Falmouth, Farnham, Maidstone and Canterbury. They are cheap to run, efficient and productive compared with polytechnics and have the time to get on with their job undistracted by contested priorities. Perhaps that is why they are so tempting to rationalising administrators, for some of them have suffered almost constant attack in recent years and still do.

Wimbledon has been one of the luckier ones until now, and we have reason to hope that its luck might hold now that the NAB's proposal has been exposed for the arrogant and indefensible sham it so patently is. I hope so, for I was myself a student of painting at Wimbledon many years ago. Asking for nothing more than to be taught to draw and paint, I received a liberal education in the true sense, though of a curious and very special kind. I do not expect anyone who was not himself at art school to accept or even understand what I mean by that. But, in the days before anything but the evidence of the portfolio was required for entry, and no degree was offered at the end of the course, I learnt to see art for what it is and to love it the more. I have every reason to be profoundly grateful.

Second-year wardrobe student at work on a costume for her final exhibition

## The Common Pursuit/Promenade, New York

**Michael Coveney**

Simon Gray's *The Common Pursuit* is the fashionable off-Broadway hit at the moment, playing to full, chuckling audiences at the conspicuously comfortable Promenade Theatre. The play, which follows the literary and emotional careers of a group of Cambridge graduates from college in the mid-1960s to idealistic fall-out in the mid-1980s, was seen in a bumpy production by Harold Pinter at the Lyric, Hammersmith, in 1982.

Gray exorcised his disappointment in the play's failure with one of the best theatrical memoirs of recent years and it would have been just and perfect to join in the local hosannas—reviews here have been crazily ecstatic—and help restore the comedy's fortunes. Gray has tightened and certainly improved the piece, not alas beyond recognition, and co-directed it with Michael McGuire at the Matrix, Los Angeles, whence this production derives.

The Leavisite title sets the standards of literary and moral integrity from which the cluster of aspirant literati defect. At their centre is Stuart Thorne, modelled on Gray's friend Ian Hamilton, whose campaign for a quality review is supported by the adulterous fixed Peter Whetworth, the coughing critic Nick Finchling and the dour homosexual Scots poet Humphry Taylor.

I thought the character models and the ingrown references rendered the piece too parochial in London. Gray also allowed himself a playful bit of score-settling in the unseen figure of the balding poet called "Nappies" who lands a Sunday Times drama column job by virtue of his lack of qualifications for it. But Gray has now made all these points neatly and validly within the play; people around me even seemed to be cottoning on to the absurdity of Arts Council literary panels funding Thorne's project on the basis of some mistakenly submitted angry Irish poems and a Vogue-aimed piece of flash trash by Finchling.

The play is improved as a sexual amorality comedy, Thorne and the blonde Marigold (Judy Geeson) torn quietly asunder by the stalwart best friend Martin Musgrove (Michael Countryman). The skein of deception, double-talk, alibi and innuendo bears comparison with Pinter's *Betrayal*. But the great structural problem is that the play's time span works against any intensity of emotion or expression and the play evaporates in a sort of stuttering middle-aged miasma of recrimination, apology, loss of nerve and failure.

The event poses as bright, witty comedy but is acted with a glum determination to be English and casual. The cast, without exception, are gawky and unconvincing, accents not so much off centre as plummily over self-concious. Kristoffer Tabori is curiously undynamic, one supposes in a bid to be languidly intellectual. Mr Countryman gives the best performance, but he too is struck by drab wimpiness and looks as though he wears jackets and shirts with the hangers inside.

What makes the play finally less good than *Butley* or, especially, *Quartermaine's Terms*, is the lack of a central meditating consciousness to hold the sense of gravity and aspiration together; Thorne is in fact badly underwritten, as well as under-acted. On a cosmetic level, the settings of David Jenkins and costumes of David Murn are as admirable as Mr Gray's doggedness with a play that, in the end, may mean much more to him than to the rest of us.

Judy Geeson and Kristoffer Tabori

## Canadians/Wigmore Hall

**David Murray**

Sunday's concert at Wigmore Hall and on Radio 3 belonged to the Canadian Festival of the Sound series; an odd-sounding label, until you learn that where the festival is at home, home is Parry Sound in northern Ontario.

It is a summer affair, much like informal chamber-music festivals in Europe, and nowadays it is directed by the clarinettist James Campbell. His colleagues here were perhaps a "typical" mix—a Torontonian, an *émigré* British pianist and a British string quartet, with a new work by a Czech-Canadian. Some of them will re-appear in the final concert on Thursday.

Campbell is a sterling performer, as was clear even from his role in the opening ensemble piece, Prokofiev's Overture on Hebrew Themes. He caught the half-sullen, half-comic tone of the main material precisely.

The whole performance was imaginative and stylish, with keen participation by the Allegri Quartet and resonant support from Valeria Tyron's piano. At the other end of the programme Mozart's Clarinet Quintet displayed Campbell's seamless virtuoso technique — not used for show, but for acutely sympathetic shaping of Mozart's line. The Allegri players were alert, if occasionally skittish, and did not share his North American shyness about allowing Mozart an honest staccato (as if it might be unrefined).

The remaining artist was Mark Dubois, making his début here. His fresh, Irish-sweet tenor and elegant diction make him a natural Britten singer. Apart from a tendency to excessive lingering his Britten folksong arrangements rang true (Miss Tryon might have pushed him a little harder). He added little to Housman's words in the Vaughan Williams cycle *On Wenlock Edge*, but delivered them with melting candour.

There, Miss Tryon was at her best, assuring controlled drama through the cycle. One of the work's special attractions is after all the piquant combination of Ravellian piano-and-strings against a folk-English string quartet, and this team made the most of it. One looks forward to hearing more of Dubois.

Neither Dubois, Campbell or Miss Tryon found any way of supplying the missing bite to the new work, Oskar Morawetz's *The Weaver*. It was commissioned by the Canadian Broadcasting Corporation for its 50th anniversary, doubtless by way of celebrating the way music used to sound before the CBC was founded.

Like many other Morawetz pieces, it is sincere, musical and deeply conservative: all too apt for the 19th-century Archibald Lampman verses which are its text. Clarinet and piano have pages of the writing traditionally inspired by spinning, weaving or just knitting.

## Spontini's Agnese/Rome Opera

**William Weaver**

Last season the Rome Opera opened with Cherubini's *Démophoon* (given in the original French). This year's inaugural work is Spontini's *Agnes von Hohenstaufen* (in Italian translation).

A casual observer might conclude that the capital's opera house has developed a special fancy for neo-classical works, but it must be remembered that almost four decades separate the two pieces, and Spontini's final opera is very different.

It was written for Berlin, to please the composer's patron King Frederick William III, and it has a Teutonic heaviness, a ponderous pageantry absent from other Spontini.

Though this was *Agnese's* first performance in Rome, it is not entirely unknown to elder members of the Italian audience. It was revived by Vittorio Gui at the Florence Maggio musicale of 1954 and, in radio performance, by Riccardo Muti in 1970. Pirate recordings of both these performances exist.

Gui's version was noble, but plodding; Muti infused an unexpected fire into the opera (and into the singer of the title role, Montserrat Caballé). Now, in Rome, under the diligent, but not always efficient Maximiano Valdès, the opera seems long, disjointed, tiresomely repetitious. The effective, moving scenes—the tenor's troubadour song and Agnese's prayer—shine like jewels in a dull setting.

The monumentality fails to come off, not least because Valdès has trouble keeping orchestra and chorus together. For that matter, the chorus is dim. Their numbers seem vast when they are deployed in serried ranks on the stage but the sound never swells to the grand proportions demanded by the score and the drama.

Serried ranks describe much of the staging by Antonio Calenda. Admittedly, Montserrat Caballé poses problems. It is best not to make her move (during the dance scene her waving arms were an embarrassment), and so everyone has to move around her. Calenda does little to clarify action or motives but he is up against a tough libretto (for historical accuracy, three of the characters have to be named Henry and two, Philip).

Nicola Rubertelli's sets have the advantage of simplicity; the many scenes can be changed with agility. But still, they are not particularly handsome, nor are the heavy costumes by Maurizio Monteverde.

Lacking the inspiration of Muti's intense, coherent view of the score, Caballé sings without fire; but still she is on a different level from the other performances. She coasts but she coasts on a high plane. The sound is almost always lovely, its coolness occasionally coloured by a hint of plaintiveness.

On opening night the tenor was Veriano Luchetti, such a stirring interpreter of early and middle Verdi; at my performance he was replaced by Peter Jeffes, an artist of quality, but with a voice too small and insufficiently rich for this work. The baritone Roberto Frontali is a dark, menacing King of France. The other female role is Ermengarda, Agnese's mezzo-soprano mother: Glenys Linos has a hollow, strained sound most of the time. The small roles are, for the most part, well-executed; Alessandro Verduci, as the emperor's Castellan, looks promising.

## New London Consort

**Richard Fairman**

There is no respite in the business of bringing early music to the public. A programme devoted to medieval vocal music is not the rare event it was 20 years ago, but the New London Consort under their director Philip Pickett still strode out in a new direction at their Wigmore Hall concert on Friday by performing all the music in modern English translations.

This is another face of authenticity. In the past scholars of the period have sought to get as close as they can to authentic performing practice by concentrating on the correct scansion and pronunciation of lyrics written in medieval Latin. By opting for the language of the audience, this group has worked on a very different premise: they want the words to carry maximum impact and so "immediate understanding" becomes of primary importance.

In this spirit the items from the Carmina Burana collection were an unqualified success. The soprano Catherine Bott was delightful in the moralistic tone of the 12th century "Ecce torpet probitas," raising an easy laugh with her prim declaration that "self-control is on the wane"; and the boozing aunties and uncles of "In taberna" brought any amount of merriment.

With Hildegard of Bingen's "In Ecclesia," however, the case can be argued both ways. The loss in translating this poet's carefully-chosen language is no less than if one translates Goethe, as set by Schubert and Wolf. And the style of singing, with its wide range of dynamics and tone colours, also raises questions: some degree of interpretation seems essential if the piece is to work in this kind of public performance today, but would purists not frown on such intrusions in the music of the medieval period?

It will be interesting to see if any other groups take up the idea. The New London Consort, including Pavlo Beznosiuk and Frances Kelly on rebec and harp, added some attractive instrumental interludes and Michael George was the warmly resonant, if somewhat stolid baritone. Incidentally, it was surprising to hear how easily the raw, bright sound of a solo rebec could cover up the words, even in these excellent acoustics.

## Nash Ensemble/Wigmore Hall

**Max Loppert**

Shostakovich and Chaikovsky were the main composers in Saturday's Nash recital. Odd inclusions in a concert series entitled "East of Vienna," one might have thought—Moscow and St Petersburg qualify for the geographical position about as suitably as Dublin or Aberdeen would in any "West of Vienna" equivalent.

But the main point proved on this occasion was more unwelcome. As the cautious, rhythmically genteel, colour-starved accounts of the Piano Quintet, Op. 57, and the Seven Poems of Alexander Blok, Op. 127, showed all too clearly, Shostakovich is not one of the performer-proof composers.

There was nothing demonstrably wrong with the performance of the quintet: musical inventions were of the best, and the notes were honestly and accurately delivered. But there was very little sense of inner drive or energy about it; and, in unfair measure, the ironies of the music lost their sting, the bare intensity of the Adagio went a very dull grey.

Felicity Lott was the soprano in the Blok settings. She was as musical, as delicate as ever; unfortunately, in songs so spare and stark of outline, the dulcet softness of her timbre soon seemed a significant disadvantage (the act of keeping Vishnevskaya, their original performer and dedicatee, out of mind became a cruelly hard task).

Miss Lott was far better suited to the Chaikovsky selection that she gave with the Nash pianist Ian Brown—melting in "We have not long to stroll" and "The Cradle Song," lacking only the searchingly dramatic low register for "Reconciliation."

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

December 5–11

## Opera and Ballet

### VIENNA

**Staatsoper:** Salome conducted by Hollreiser with Dernesch, Jones, Slania; Werther conducted by Davis with Baltsa, Lind, Hensrud-Kerian, Carreras; Don Giovanni conducted by Hager with Gruberova, Alexander, Schumann, Prey; Die Walküre conducted by Schneider with Reppel, Martin, Hesse. (51 444/26 55).

**Volksoper:** Polenblut; Hansel and Gretel; Das Land des Lächelns conducted by Bauer-Theussl; Der Opernball conducted by Boncompagni (51 444/26 57).

### PARIS

**Die Drei Groschen Oper** in Giorgio Strehler's production and Ezio Frigerio's decor with Milva as Jenny. TMP-Châtelet (4233 4444).

**Wozzeck** alternates with Don Quichotte conducted by Georges Prêtre in the Venice Teatro la Fenice production with Hanna Schwarz as Dulcinea and Ruggero Raimondi in the title role. Paris Opéra (4266 5022).

**Robinson Crusoe** conducted by Michel Tabachnik in Robert Dhery's new production, co-produced with the Opéra Royal de Wallonie. Opéra Comique (4296 1220).

### NETHERLANDS

**Ravel's L'Heure Espagnole and De Falla's Retablo de Maese Pedro** in a double bill from the Netherlands Opera. The Netherlands Philharmonic conducted by Kenneth Montgomery, with soloists Anne Howells, Hein Meins, Laurence Dale and Jean-Philippe Lafont. Mon in Amsterdam. Muziektheater (255 455), Wed in Scheveningen, Circus Theatre (55 88 00).

**Scheveningen, Circus Theatre.** Nederlands Dans Theater with Ballet Scenes (Van Manen/Stravinsky), Silent Cries (Kylian/Débussy), and Jardi Tancat (Duato). (Thur). (55 88 00).

**The Pilobolus Dance Theatre** on tour from America: Mon in Nijmegen, Schouwburg (22 11 00), Tue in Eindhoven, Schouwburg (11 11 22), Wed in Tilburg, Schouwburg (43 22 20), Thur in Amsterdam, Carré (225 225).

### NEW YORK

**Metropolitan Opera (Opera House):** The week features the first seasonal performance of Fidelio conducted by Klaus Tennstedt in Otto Schenk's production with Hildegard Behrens and Robert Schunk. The repertoire includes Die Fledermaus conducted by Jeffrey Tate with Kiri Te Kanawa, Tatiana Troyanos and Otto Schenk in Otto Schenk's production; I Puritani conducted by Richard Bonynge in Sandro Sequi's production with Joan Sutherland, Salvatore Fisichella, Sherrill Milnes and Samuel Ramey; Romeo et Juliette conducted by Placido Domingo with Cecilia Gasdia; and Tosca conducted by Garcia Navarro in Franco Zeffirelli's production with Eva Marton, Placido Domingo and Italo Tajo. Lincoln Center (362 6000).

**Next Wave Festival** (Brooklyn Academy of Music): Philip Glass and Robert Wilson's collaboration, the CIVIL wars, is presented in the festival with the American premiere of Act V, (Rome Section). Ends Dec 30. (718 636 4100).

### CHICAGO

**Lyric Opera:** The company premiere of Janacek's Katya Kabanova sung in English features Ellen Shade in the title role with her lover Boris played by Dennis Bailey and oppressive uncle Dikoy by William Wildermann, conducted by Bruno Bartoletti in Virginio Puecher's production. Un Ballo in Maschera is conducted by Giuseppe Petane in Sonja Frisell's production with Maria Chiara and Luciano Pavarotti. Edita Gruberova takes the title role, and Neil Shicoff sings Edgardo in director Peter Reichenbach's production of Lucia di Lammermoor conducted by Charles Mackerras (332 2244).

### LONDON

**Royal Opera,** Covent Garden: Handel's Samson, in the production by Elijah Moshinsky that received a rather unhappy first showing in the Handel centenary year, returns with a fine Handel conductor, Roger Norrington, and cast (Robert Tear, Carol Vaness, Sarah Walker, Gwynne Howell). Further performances of the Zauberflöte revival, with Siegfried Jerusalem as Tamino; final showing of the new Jenufa production, an evening of immense theatrical power in spite of all the exaggerations in Yury Lyubimov's production.

**English National Opera,** Coliseum: the perennial Fledermaus comes back to mark the festive season, this time with Valerie Masterson and Lillian Watson in the cast and Herbert Prikopa as conductor. Also in repertory: Cav and Pag in Ian Judge's lively new production, and David Pountney's new Carmen staging, conducted by Mark Elder.

**Sadler's Wells Theatre:** To celebrate the 75th birthday of Gian Carlo Menotti the Royal Opera and Sadler's Wells Theatre are co-producing a double bill of The Boy Who Grew Too Fast and Amahl and the Night Visitors staged by the composer and conducted by David Syrus.

## Saleroom/Antony Thorncroft

# Chinese chequers

The market for Chinese works of art is in a fertile state at the moment: the really good objects fetch high prices while the routine items are studiously avoided by buyers. So at Christie's yesterday the morning session totalled £544,885, but with a high 30 per cent unsold.

An archaic bronze food vessel of the Shang dynasty, 22.5 cm in diameter, was the great surprise, selling for £82,500, four times its top estimate, to the London dealer Eskenazi. Another lot to do well was a Ding Yao bottle, copying a metal shape of northern Song and dated to the 10th century. It was previously exhibited at Sussex University and comfortably beat its high estimate at £66,000.

Eskenazi was successful again with a bid of £60,500 for a pair of inlaid bronze mask and ring handles of the Western Han dynasty, which probably come from a large container, and which carried a top estimate of £35,000. Spink paid £26,400 for a Sancai standing lady of the Tang dynasty while a rare archaic gold crescent shaped ornament of Sino-Siberian origin sold for £24,200, below forecast. The most important lot was a pair of stone mythical animals known as chimera. They sold for £110,000 to Spink. The Met in New York has a similar pair.

Sotheby's was also dealing in rare far away objects, disposing of antiquities for £235,576 in a morning session, with 19 per cent unsold. The top price was the £20,350 paid for an Egyptian bronze group, 42 cm high, of Isis and Horus dating from around 600 BC. G. Geddes, the Australian dealer, was an active buyer.

He paid £16,500 for an Egyptian black basalt block statue of the 19th-20th dynasty (1304-075 BC); £10,450 for a bronze figure of the goddess Sekhmet of the 26th dynasty (664-610 BC); and £8,800 for a bronze figure of a cat of the same period.

A head of a man of the 26th-29th dynasties (664-378 BC), sold for £11,550, despite the fact that it is much damaged.

### Dowell's Swan Lake premiere

Anthony Dowell's new production of *Swan Lake* will be premiered at the Royal Opera House on March 12. Cynthia Harvey and Jonathan Cope will dance the principal roles at this gala performance in the presence of Princess Margaret.

# MANAGEMENT : Small Business

Ashley Ashwood

Paul Wright: Blyth operates from an 18th century manor house in Suffolk and a US base in California.

## How Blyth plugged itself into the US

**Peter Marsh reports on a Suffolk software house**

EXPORTING software to the US, the world's biggest market for computer products, is rather like selling spaghetti to Italy. A lot of companies have got into a tangle over it.

This is especially so for British computer companies. Many have taken to the US software packages of undoubted technical quality—which have then failed to sell because of lack of attention to marketing techniques.

One small enterprise which appears to be making progress in this area — although it still has a long way to go — is Blyth Software, based in Suffolk. The significance of its achievement is its approach to the challenge. For where so many companies have made the mistake of presenting themselves to the US market as a British software house, Blyth deliberately did the reverse. It established its US offshoot as very much an American company and was so successful in its approach that many of its customers came to believe that the UK end of the business was the subsidiary.

Blyth's activities are therefore split into two distinct parts. At one end is the UK business centred at the 18th century manor house at Benhall Green, near Saxmundham, which the company uses as its head office. The house is surrounded by sumptuously kept gardens in one of the most tranquil areas of rural England.

Here, Blyth concentrates most of the creative effort needed for development of products. About 30 people work at the house, most of whom are programmers working on database packages for Apple and IBM microcomputers. Databases are sets of programs used in countless business applications where filing or the storage of information is required.

According to Paul Wright, the company's 35-year-old managing director, Blyth "is choosy about recruitment. Our products have got to be winners and blockbusters. We generally don't like employing people who have worked on mainframes. Our people have to be bright and original as opposed to workhorses."

The second side to Blyth is about 5,000 miles away in San Mateo, California, centre of its US operation and the place from which most of the company's products are sold. Another 30 people work here, under the supervision of the head of the company's US subsidiary, a marketing man from Zimbabwe called Michael Kenny.

Kenny introduced himself to Wright in 1983 and quickly volunteered to set up the selling side of the enterprise in the US. Most of the company's employees in California are from the US computer industry; the vice president in charge of sales is Jeff Galvin, who previously worked in marketing for Apple.

"We realised early on that it would be no good going to the US as an English company selling a UK product," says Wright. "We set up the Californian office in May 1984 prepared to lose money for the first six months. We had to do this to learn. This has stood us in good stead. We are now perceived as a US company with US support."

Indeed, says Wright, it often comes as a surprise to Americans that Blyth has its origins in rural England. "They say to me, 'Gee, I hadn't realised you were setting up a British subsidiary,'" says the managing director.

The policy appears to be paying off. Blyth achieved total sales of £2m in the year ending 1st March, and expects to double its turnover this year. three quarters of the sales will probably come from the US market.

The company specialises in a database product called Omnis which runs mainly on Apple's Macintosh computers. Omnis is being adapted to run on IBM personal computers, a much larger potential market.

According to Dataquest, the California-based consultants, Omnis is the world's top selling database package for Macintosh machines and the fourth top selling product in the £270m US database market for all microcomputers.

The three leading packages in this industry, according to Dataquest, are Dbase III, sold by Ashton-Tate, System 5, developed by Microrim, and Software Solutions' Dataease. The main rival to Omnis in the Macintosh market is Helix, made by Odesta. All these four companies are US-owned. About four-fifths of all sales of database software are for IBM machines.

Paul Cubbage, a Dataquest analyst who follows the computer services industry, says that Blyth has managed "fairly well" the business of selling UK products in the US computer market. According to Cubbage, many good UK software products fail to sell in America because British companies fail to understand the US computer industry.

Cubbage rates Blyth highly for concentrating its development in the UK, so that the US employees "only have to be concerned with marketing." Employing people who know the US market is essential, he says. In the US, such software is sold mainly through dealers (who take sometimes a 100 per cent mark-up on the price of the package charged by the software developer). Blyth has been sensible, says Cubbage, in publishing a comprehensive directory of applications for Omnis which dealers use when selling the products.

According to Cubbage, Blyth has paid attention to strengthening links with Apple — so that the Californian computer maker essentially sells many Omnis packages on behalf of the UK enterprise, by publicising the name at trade shows and other such events.

Cubbage sees some problems ahead for Blyth as it tries to do more in the market for software that runs on IBM machines. "They will be coming up against the established players. It's not just the engineering that counts but how you position the product."

### Concentrated isolation

**THE REAL brains behind the growth of Blyth Software, according to Paul Wright, the company's managing director, is a shy 33-year-old mathematician, David Seaman.**

Seaman, a graduate of Jesus College, Cambridge, is Blyth's research and development director and owns 17 per cent of the company. He is so self-effacing that he is rarely seen at the company's head office and dislikes being interviewed by journalists.

The mathematician spends nearly all his time surrounded by microcomputers at his home in Walberswick, an isolated, spectacularly beautiful village on the Suffolk coast. His job is to work on new products and to co-ordinate the work of the other programmers at Blyth's main base at Benhall Green, about 20 miles away.

"I need to concentrate a lot and it's easier for me to work at home where I won't be distracted," says Seaman, who started working for Blyth in 1980 as a contract programmer, becoming a director a couple of years later.

After leaving Cambridge, Seaman worked for six years as an actuary at the Dorking, Surrey, office of Friends Provident, the insurance company. He decided he didn't like the work and moved to Suffolk, without a job, because he liked that county's peaceful countryside. Seaman got to know Wright when he answered a newspaper advertisement for staff.

Wright was born in Suffolk. The name Blyth comes from the river which runs through the village of Wenhaston, the place where Wright set up the company in 1978 after returning from four years in the Philippines, Australia and New Zealand. Before this he had read mathematics at King's College, London. Blyth was initially a distributor of Apple computers, but concentrated entirely on software development from 1982.

Blyth is owned by a total of nine individuals, with Wright owning 30 per cent of the shares, and a group of four investors in Boston, US, having a 25 per cent stake. The company has built up so far on small amounts of cash and bank overdrafts. The first large slice of equity capital should be arranged early next year, when an unnamed US investor is due to inject about £200,000.

Non-executives

## £5,000 a year well spent

**Michael Skapinker reports on a useful source of corporate advice**

WHEN THE Radamec Group decided to seek a listing on the USM, its chairman and chief executive, Len Whittaker, realised he would need some outside help. The company had been formed in 1980 after a management buy-out of a division of the Sears Group which manufactured naval radar equipment. It started out with 35 employees.

It now has 300 employees and expects to make pre-tax profits this year of £1.6m on a turnover of £9m to £10m. Apart from its defence work, its business now includes the manufacture of remote-controlled cameras for television studios, legislative chambers and surveillance.

To prepare for the USM listing, Whittaker decided to appoint two non-executive directors to the board. Instead of relying on his own contacts or professional advisers to find them, he approached the Institute of Directors and Pro Ned (Promotion of Non-Executive Directors), non-profit organisation sponsored by the CBI, the Bank of England, the Stock Exchange, the clearing banks and other institutions.

Both organisations visited Radamec to assess its requirements. "I suppose I was looking primarily for a senior financial man with City connections and also, as we were heavily involved in the military, I thought we should have someone who was retired from the military," Whittaker says.

The organisations each provided a short-list of possible candidates, from which he selected David Maitland, formerly chairman and managing director of the Save and Prosper Unit Trust Group. The Institute of Directors also came up with the military man, Admiral Sir Peter Herbert.

Pro Ned and the IoD's Boardroom and Non-Executive Director Services have been spreading the word on the benefits of non-executive directors for about five years. They claim to be providing a service which is available from only a few headhunters, and only at a high price.

Pro Ned and the IoD each have a register of about 1,000 potential non-executive directors, which they draw on to help companies like Radamec. They are approached by larger companies too but it tends to be smaller organisations which need most help in finding outsiders to sit on the board.

The organisations look for senior managers to put on their registers. "We look for a member of a PLC board or the board of a division," says Douglas Strachan, Pro Ned's director and himself a former main board director of Allied-Lyons. "He probably needs to have run a piece of business at some stage, even if it's only a wholly-owned subsidiary."

Both registers contain a handful of Members of Parliament and former Cabinet Ministers, but the organisations say they are hard to place.

The lists have an even mixture of directors who are still working full time and those who have retired or are self-employed. Strachan says he usually recommends that smaller companies appoint someone who has retired so that he or she can devote more time to the company: up to a week, perhaps, rather than the day a month that larger companies usually require.

Both organisations succeed in placing 50 to 60 non-executive directors a year. Both charge the company for the service. Pro Ned asks for £1,500 to conduct a search of its register and an additional £1,000 if the company appoints one of its candidates. The IoD does not publish its charges, but they range from £2,000 to £5,000, half paid to conduct the search and half on presentation of a short list.

Brian Smith, the director of the IoD's service, says that acquiring a stock exchange or USM listing is a common spur for companies to appoint non-executive directors. Others appoint them to assist with the launch of a new product or when they attempt to export to a new market. In other cases, it's an investor who insists on it.

But he believes that all small companies could do with them. "Private companies do not realise the need sufficiently. In a lot of cases they only really think about it when they're in trouble or if they've been shoved by someone else like an investing insitution," he says.

Pro Ned says that apart from preventing a private company from becoming too inward-looking, non-executive directors are useful where the shares in the company are widely spread. If shares are held by different members of the family, or partly by executives and partly by relatives or associates who take no part in the running of the company, conflicts of interest can arise over the remuneration of the directors or the payment of dividends. Non-executive directors who are outsiders can help to resolve disputes like these.

How much would a private company have to pay a non-executive director? Pro Ned's Strachan says the fees are approximately tied to the size of the company and the amount of time the non-executive director needs to spend there. A non-executive director devoting a day a month to a small company would expect to be paid about £5,000 a year. One day a week of a non-executive director's time would probably cost £7,000 to £8,000.

### In brief . . .

**SUPPORT for local enterprise agencies increased rapidly last year. At over 3,000 the number of companies, organisations and individuals sponsoring agencies at the end of August was more than double the previous August. And with the total of agencies now at 248—17 per cent of the total were set up in the past year—the average number of sponsors per agency has risen from 18 to 25.**

**This is revealed in the 1986 survey of local enterprise agencies, published with the latest annual review of Business in the Community, the organisation set up in 1981 to act as a focus and catalyst for the greater involvement of industry and commerce in local communities.**

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# TECHNOLOGY

THE AMERICA'S CUP

## Keel mad in Fremantle

By Jane Rippeteau

IAN HOWLETT, a designer of Britain's entry in the America's Cup races, was a man on the run last month.

Dashing from a drafting table in his Hampshire coast cottage, to yacht test tanks in Portsmouth and then on to a mould-maker's shop in Cornwall, he wrapped up six weeks of frantic work. The result: a new design for the keel of Britain's Cup contender, White Crusader. Twelve syndicates from six nations hope to wrest yachting's top prize from Australia, which in 1983 won it in an upset victory over the Americans.

Hurrying back to Perth, where the third round of trial races leading to the final challenge are under way, Howlett is overseeing casting of the new keel. If White Crusader survives the current 11-race round robin — which seems unlikely — she is to be fitted with the secret design for the semi-final races beginning December 28.

"It's a keel game," says Howlett. Gone, virtually, is the traditional fin-shaped keel. In its place are a variety of designs featuring wings, bulbs, even a strutt with a ball at the bottom. Everybody is juggling keel changes (permitted only between race series), says Howlett. White Crusader is on her second, he says, adding that the rich syndicate behind America II has changed keels so often "we call it the Lego boat."

Thomas Ehman, executive director of the America II Challenge syndicate, is not saying how many different keels have been tried. Secrecy is paramount, he notes. The syndicates built pens around their dry docks to shroud keels from view when out of water. And during races, keels are camouflaged by special paints that create optical illusions.

Even this is not fool-proof: part of the race course in the Indian Ocean off Fremantle crosses shallow sand flats where a light background can show up keels even with special paint. When a yacht sailing there heels over, bringing its bottom into view, "you can, from a helicopter, see the shape of the keel really well," says Ehman. Between helicopter-born TV crews and keel-snoopers, there are times when the sky over Fremantle "looks like a scene out of Apocalypse Now," he adds.

There is good reason for all this fuss about the keels.

Three years ago, when owners of the winning yacht, Australia II, pulled a curtain from around the craft, they revealed a remarkable thing: a keel with little winglets jutting out of either side. The design, widely credited with securing Australia's victory, significantly reduced one of three major resistance forces that a racing yacht must overcome.

"Australia II reduced (this) resistance by 20 to 25 per cent," says Herbert H. Pearcey, a retired aeronautical engineer who, as chairman of the Joint Aero-Marine Committee of the Royal Aeronautical Society and Royal Institute of Naval Architects, consulted on the design of an alternative British yacht for the Cup races.

Today, after three years of refinements, the "present generation (of keel designs) reduces it another 30 to 40 per cent," he adds, crowing: "This is the biggest single step that's ever been made in the history of the America's Cup."

The point of a racing yacht is to get it to move through the water as fast as possible while also getting the maximum amount of power out of the wind, Pearcey explains.

The yacht must overcome three chief forces of resistance. The first, "viscous resistance," is simply the friction between the boat surface and the water. The second, called wave-making resistance, concerns the energy a boat must expend to push the water out of the way. This increases sharply above certain speeds—those large enough to generate waves.

These two influence the maximum speed a boat can achieve sailing down wind, that is, being pushed by the wind from behind. And they are highly susceptible to computer analysis according to Pearcey. He says there is still great scope for hull design improvements. Syndicates drew on mathematical models and scientific brain-power from NASA, MIT (Massachusetts Institute of Technology), aircraft manufacturers, defence contractors and many others for expertise in this area.

The additional resistance—the one having to do with the keel—is different. It occurs when a boat is sailing not down-wind, but into the wind. A boat cannot, of course, sail directly into the wind, but rather must tack back and forth at an angle in order to move forward.

But as the sails catch the wind and move the boat forward, the wind is also striking the boat broadside, tending to push it sideways.

It is the keel's job to resist that motion by generating a counter force; it acts as a physical barrier that prevents the boat from slewing sideways. "What the keel is all about is keeping the aerodynamic forces on the sails and hydrodynamic forces on the hull in equilibrium," says Pearcey.

The keel's counter force, called an "induced resistance," has to be coped with just as do the non-induced friction and wave-making resistances. The trick in keel design is to minimise the penalty, or drag, created by the keel's necessary anti-slew function.

And for the America's Cup races, the problem must be handled within the confines of the so-called 12-meter rules. The America's Cup yachts are known as "12 meters" not because of lengths (which vary) but because they conform to a design formula.

This is where the winged keel comes in.

A keel's drag results from a mass of whirling water, or vortex, swirling around the bottom edge of the keel as it performs its braking function. The longer the keel, the less of its area is affected by the vortex, hence the less the drag. The very same thing occurs with aircraft wings, as lift is restrained by drag at the wind tips; the longer the span, the less the induced drag.

But 12-meter rules limit the length, or draft, of the keel. The relative shortness of 12-metre keels means that, naturally, their induced resistance is high.

The idea of the winged keel is to compensate for shortness by moving the vortex away from the keel so that less keel area is affected by the vortex's drag-causing disturbance, explains Pearcey The winglets jutting from the side of Australia II's keel did just that, adding a fraction of a knot to the yacht's potential speed.

The concept is the same as—indeed borrowed from—that behind the use of tips jutting up from the ends of some high-speed aircraft wings, notes Pearcey, whose career involved wing research later used in development of Britain's Harrier jet. The tips move the downward drag opposing the wing's lifting function out away from the wing.

The winglets on yacht keels have a serendipitous side effect. Like tops, keels are weighted to resist the boat overturning. The more weight that can be moved lower on the keel, the better. Indeed, Australia II designers not only added the weighty winglets, but inverted the conventional design so that the keel was wider at the bottom than at the top.

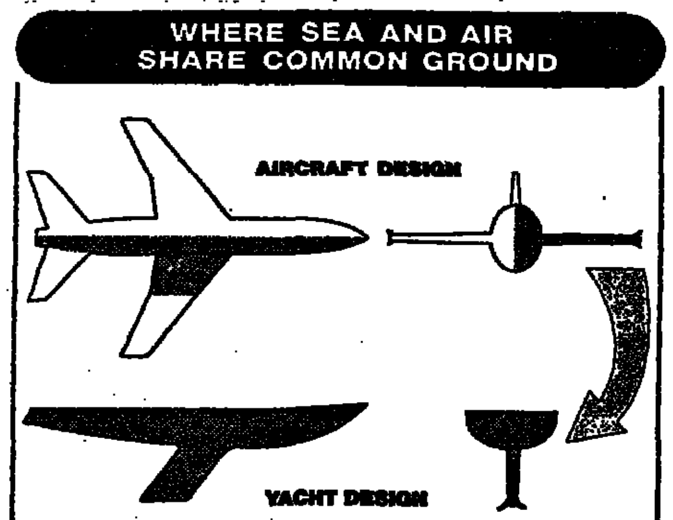
On today's 12-metre yachts, the concept has been carried to seemingly bizarre extremes as designers search for the most effective drag-reducing shapes. Winglets are not the only answer. "It is possible there will be advances in aircraft technology as a result of what has been done on yachts, not just the other way around," says Pearcey.

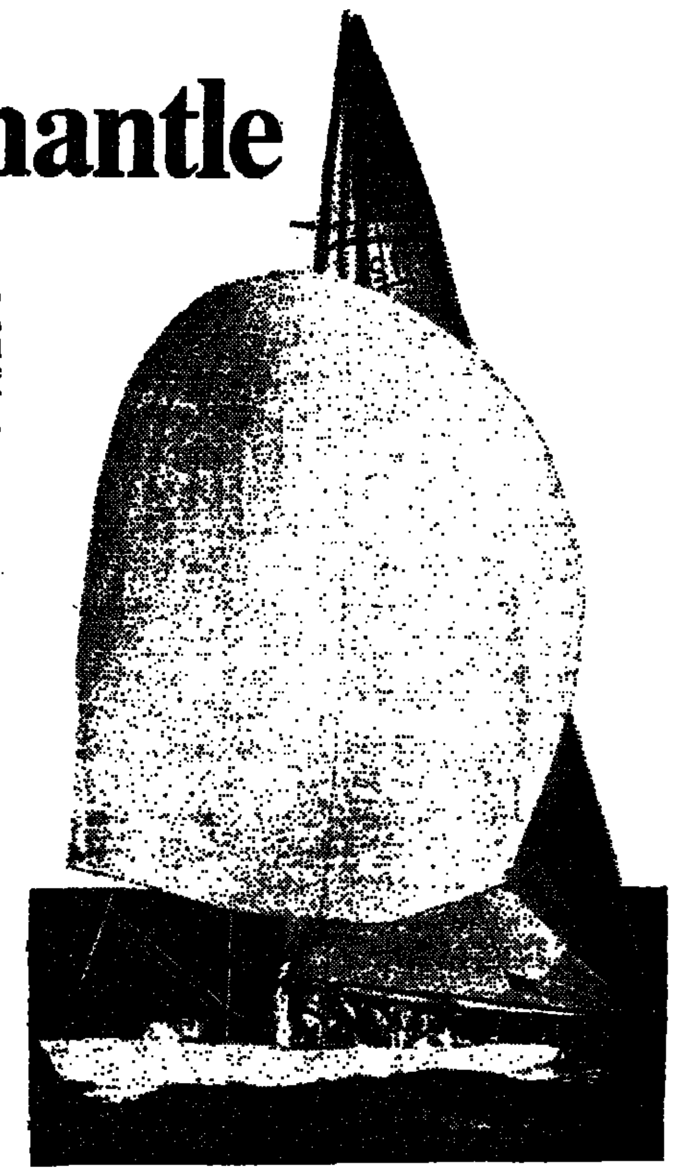
His own work in connection with the second British 12-metre concentrated, he says, "on quite a revolutionary design" upon which he will not elaborate. That yacht, passed over in favour of Howlett's White Crusader to sail for Britain, was designed by David Hollom and is expected to race in the next World 12-metre Championships.

On Monday, White Crusader trounced Canada II to win by nearly four minutes. But that just keeps her tied for fifth position with USA II. Only the top four yachts will sail in the semi-finals to determine which will challenge the Australian defenders.

As White Crusader yachtsmen recover from earlier mishaps including a keel-hauled spinnaker and broken boom, her designer concedes there is only so much the vaunted new technology can do.

"Most of it is a human problem,"says Howlett. "After all, that is the whole challenge."



White Crusader: If she survives the current 11-race round-robin, is to be fitted with a new keel before the semi-final races beginning on December 28

## Europe's side swipe at safety

By John Griffiths

AFTER weeks of the British Gas share flotation campaign, mere mention of the mythical "Sid" causes strong men to turn pale and a wailing and gnashing of teeth.

Now, believe it or not, we have Eurosid.

But all those who would have cheerfully throttled Sid may be comforted to know that Eurosid will spend his whole life receiving a thumping.

He is a REAL dummy: French pelvis and neck; Dutch abdomen: British thorax, and limbs cannibalised from his forebears . . . He is in part the product of Ogle Design, the UK design consultancy which since 1970 has developed a range of crash test and research dummies used mainly in the motor and aviation industries.

The Eurosid acronym stands for European Side Impact Dummy, which is intended to cater to proposed EEC, US and Japanese legislation requiring vehicle makers to carry out side impact crash testing for all cars.

Ogle and European research laboratories, working under the auspices of the European Experimental Vehicles Committee, have developed Eurosid during several years of collaborative effort and now claim him to be the most advanced concept for vehicle crash testing.

Ogle worked with the UK's Transport and Road Research Laboratory to develop the strategic chest/shoulder unit, and has been nominated, with TNO, Holland's Research Institue for Vehicles, and their French equivalent, SEREME, to produce a batch of pre-production Eurosid clones, for final evaluation by research institutes around the world, prior to full production.

Eurosid: Built to test side impact in crashes



## How tabs can be kept on electrical goods

BY PETER MARSH

STORES worried about theft of items such as computers or radios may be interested in a new electrical system that sounds an alarm when a person walks out of the shop without paying for the product.

The system is a variation on conventional loop alarm devices in which wires are threaded through items that might appeal to thieves. If the wires are cut, the break in the electric circuit sounds an alarm.

Securiflex, a system developed by Plescon, a UK electronics company in Chattisham, near Ipswich, uses a similar loop principle. But instead of passing through handles or similar openings in equipment, the wires are linked to small adhesive pads that are fixed to the item. Microswitches in the pads are activated if the product is tampered with, producing an audible signal.

According to Mr Bob Broadhead, Plescon's managing director, the system is easier to instal than conventional loop devices. The costs works out at about £100 for a central electronic console (to which all the pads are linked) plus roughly £8 for connection to each item of equipment linked to the system.

The company, with annual sales of about £700,000 reports interest in its product from a number of retailers. It has also sold Securiflex devices to educational institutes keen to prevent people walking off with computers and other electronic gadgets.

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Tuesday December 9 1986

# Chirac gives up his bill

MR JACQUES CHIRAC, the French Prime Minister, has done well to withdraw the Government's university reform bill, but it is not yet clear that he has withdrawn it in time, or on terms, to minimise the dangers of damage to his administration. No one can seriously doubt that France's tertiary education system stands in need of reform; but even if it is possible that the changes proposed in the now-defunct Devaquet bill were those required, it is clear that they could not have been imposed against the weight of student resistance as manifested by recent demonstrations. What is less clear is whether the Government can make good the additional harm caused by the violence of clashes between demonstrators and police, culminating in the death of one student and the maiming of two others.

One of the problems with the French university system is that admission is not determined in any sense by the number of places available: any young person who passes the baccalaureat is automatically entitled, as it were by a democratic right, to a place at university. The result is vast overcrowding of institutions which, in practice, operate an unacknowledged selection system through the examinations at the end of the first year, and a correspondingly large number of university students who never succeed in winning a coveted diploma.

In a rational world, one of the two terms in the equation ought obviously to be changed: either the requirements of the baccalaureat or some other entrance certificate ought to be brought into line with the rigours of the university syllabus; or else the university syllabus ought to be brought *into line with the baccalaureat*. From this point of view, the Devaquet proposal to introduce the possibility of entrance selection might have made rational sense.

### Economic threat

It might also have made sense to identify the first degree with the label of the degree-giving institution, rather than as simply a nationally-awarded diploma. The *grandes ecoles* already cream off a rigorously selected elite of top students; differentiation below that level might introduce a salutory ingredient of competition between the universities.

If allied with steps to upgrade the quality of education at lycees or universities, or both, such measures of selection and discrimination might, over the medium term, look entirely constructive for the French economy. In the short term, however, and from the perspective of those who are at, or who hope to go to, university, they look like measures to exclude some potential students and to downgrade the degrees awarded to others. Not merely did the Devaquet project look like a political attack on the right to a higher education (whatever the real value of that right for an alarmingly high proportion of students), it also looked like an economic threat to the students' chances of getting jobs.

What is surprising is that the Government did not seem to anticipate the depth of resistance that its proposals would arouse, and that it wholly mismanaged the crisis when it turned into a conflict on the streets. The question of education has long been even more intensely politicised in France than in most other countries, with the result that any change is exceedingly difficult.

### Insufficient foresight

Recent history is littered with proposals for reform, almost all of them still-born; witness the uproar two years ago, which forced the Socialists to abandon their attempt to take over the Catholic schools. Now Mr Chirac promises wide-ranging consultations on the future of the universities; he might have thought of that before.

So far, the balance sheet looks politically rather unfavourable for the Government. It introduced with insufficient foresight a measure which precipitated massive demonstrations of opposition in the streets of Paris; it precipitated disorder by indicating clearly that its policy would be decided by the size of the demonstrations; and it then capitulated with a prudence which looks like weakness.

There is also a bitter aftertaste. The violence of the clashes between police and demonstrators seems only too much of a piece with the Government's tough law-and-order posture. A conciliatory line towards the students' anxieties would carry more conviction if it were accompanied by regret for last week's death and injuries.

# King Fahd's oil price strategy

THIS WEEK'S meeting of the Organisation of Petroleum Exporting Countries in Geneva is likely to be crucial if only because of the amount of political capital invested in the idea that the price of crude must be pushed back up to $18 a barrel.

If Opec makes a concerted effort to move to a higher fixed price and fails, the result is likely to be disastrously worse for its members than if it continued the recent policy of muddling through with a series of temporary production cuts and an uneasy stability of prices about $15 a barrel, about half the level last autumn.

However, since the abrupt dismissal of Sheikh Ahmed Zaki Yamani, the Saudi Arabian oil minister, in October, several important policy changes appear to have been taking place within Opec. Under the more overt direction of King Fahd, Saudi Arabia appeared to swing into line with the militant element led by Iran, which wanted a return to the days of price fixing. Kuwait, which even this autumn was arguing vigorously for the right to increase production, has now also rallied to the $18 banner.

Many observers in the oil industry have been tempted to scoff, seeing the change as a naive attempt by the king to exercise a political force majeure over the world oil market. It is clear at least that a strategy of naming a price before willing the means to achieve it carries a high risk.

### Pain threshold

King Fahd may calculate more shrewdly that he must raise the stakes, so that recalcitrant members of Opec can see the reward as well as the penalty for failing to agree production cuts. Last year, when Saudi Arabia abandoned the regime of fixed prices and geared up its output, the full extent of the risk was not known. Now it is. Oil prices plunged far lower than most people thought possible. When the Brent price reached $8 a barrel in July and was set to fall even further, Opec was panicked into an ad hoc agreement to cut output, which it has so far been unable to replace with a more durable set of production quotas.

That oil prices then rose more than 50 per cent and stayed at around $15 a barrel is more a reflection of sentiment and uncertainty than of any fundamental factors in a world oil market replete with stocks. The price represents a fine balance between Opec's "pain threshold," perceived to be about $10 a barrel, and the goal of its more moderate members to achieve stability at around $18. Public relations and the manipulation of sentiment have therefore become more than usually important to Opec, and it is unlikely that King Fahd fails to understand this.

The King is also no doubt anxious to play the oil card as advantageously as possible in the wider political context, particularly in relation to his belligerent neighbour Iran, which Saudi Arabia has appeared *notably anxious to* placate. Iran has made it clear that it regarded the Saudi policy of pushing down oil prices as an hostile act, because it reduced the Khomeini regime's ability to carry on the war against Iraq.

### Piercing blast

More generally, the perception has been growing in the west that a complete collapse of prices would simply hasten the day when oil becomes scarce. The industrial world will then once more depend on Opec, which still commands three quarters of known reserves and is therefore likely to remain a major force in the world economy well into the next century.

If only for this reason, the best interests of the West would be served by greater stability in prices rather than a free for all leading to violent swings. It may be unfortunate that the only force for stability at present is Opec. However, it is an Opec which has been exposed to a brief but piercing blast from the free market, and is chastened by the experience. If it has a powerful motive for preventing a price collapse, its own rivalries are unlikely to permit prices to rise too far.

CORPORATE TAKEOVERS


# The last word lies with the institutions

By John Plender

TAKEOVER fever continues unabated on both sides of the Atlantic, scandals notwithstanding; corporate raiders and greenmailers press on, unabashed by hostile comment from politicians; insider dealing revelations are hotly debated in New York and London. The whole bizarre game—a peculiarly Anglo-Saxon phenomenon which the West Germans and Japanese seem to do famously without—has been creeping closer to the heart of the industrial establishment. How long can it go on? Should it be allowed to?

For the corporate raiders, the issue is straightforward. Market forces should be allowed free play to ensure that inefficient management is penalised by acquisitive predators; insider dealing is regrettable, but any backlash after the Levine and Boesky scandals on Wall Street should not be allowed to inhibit the takeover boom.

The trouble with this is that predators such as the Anglo-French financier Sir James Goldsmith have been tilting at relatively well-managed companies such as Goodyear Tire and Rubber Company. Their credentials also look increasingly questionable.

Having argued passionately before a sub-committee of the House of Representatives last month that his activities would be the redemption of corporate America, for example, Sir James promptly dropped his bid in exchange for a $620m pay-off from Goodyear that was widely regarded as "greenmail." As he and his partners stalked off with a $90m potential profit on the deal, numerous congressmen concluded that his claim to be the remedy, not the disease, was laughable.

**Britain has avoided the worst excesses of 'greenmail'**

In Britain, the worst excesses of greenmail have been avoided. But there is some unease in the industrial establishment at the invasion of Antipodean entrepreneurs such as Robert Holmes a Court, John Elliott and Ron Brierley, who have run out of assets to reshuffle on their domestic exchanges and are reaching for richer pickings in Europe and the US.

The claim of domestic entrepreneurs such as Lord Hanson to generate sustained growth in the businesses they buy looks *less sure after Imperial Group's* damaging (if ultimately unsuccessful) defence against Hanson Trust. Some feel niggling doubts, too, when a successful acquisitive conglomerate like BTR leaves its traditional low-tech stamping ground to launch an assault on the respected glassmaker Pilkington Brothers, which has invested heavily in high technology. Even merchant bankers will sometimes admit that successful mergers are relatively rare.

In short, there is a case for looking beyond the immediate furore and asking whether the market in the Anglo-Saxon economies is working as it should in which everyone forsakes investment in plant and machinery for investment in the shares of potential takeover targets.

Similarly, something fishy is going on when financial services are at the top of every corporate planner's list of growth sectors for the 1980s and 1990s, while the industrial and commercial businesses that consume those financial services are expected to show less impressive returns. Financial levitation of this kind, which is partly related to the takeover boom, cannot last indefinitely.

Perhaps the least understood aspect of the takeover epidemic is that the returns are often unreal. Acquisition and merger accounting leaves enormous scope for subjectivity in the valuation of the acquired assets. Over-cautious writing down of plant and inventory by the successful predator helps boost subsequent earnings by reducing depreciation and the cost of sales.

In spite of this, merger and accounting rules have been relaxed instead of tightened in Britain in the present economic cycle. Elsewhere auditors have been relaxed about compliance with rules.

In New Zealand, for example, Mr Ron Brierley's Brierley Investments has made a practice of snapping up companies at below asset value and taking the resulting reserve arising on acquisition into profits. The effect of such an accounting policy, which is prohibited even in Britain, is perverse: the bigger the mess the acquired company is in, the bigger the apparent "profit" on the acquisition, because troubled companies sell at big discounts to book asset values.

Although the practice runs counter to New Zealand accounting standards, auditors Peat Marwick Mitchell have concurred with Brierley's departure from standard. Investors have flocked to the shares on the basis of a splendid looking profit record and Brierley Investments is now the biggest quoted company in New Zealand.

Equally important, predators are, in many cases, reducing the cost of their acquisitions or increasing subsequent returns by raiding the pension funds of the acquired companies. This is because huge lay-offs in manufacturing in Britain and the United States, together with

**British merger and accounting rules have been relaxed instead of tightened**

declining rates of inflation and a booming stock market, have reduced pension fund liabilities and boosted the value of pension fund assets.

It is an easy step for the predators to realise the surplus after the merger and to reduce subsequent pension benefits. And since pension fund surpluses are rarely used to maintain the real value of so-called early leavers' pensions, sacked workers may unwittingly end up subsidising the takeovers. In the meantime, pension fund managers look to the corporate raiders to provide short-term profits to satisfy short-term performance measurement returns. The unasked question is what happens if inflation swells the liabilities again and the surpluses are needed for pensions.

By far the most important reason for the growth in takeover activity, however, is the ready availability of finance for even the most implausible or outlandish corporate raid. This draws attention to the behaviour of the bankers and the widespread expectation that bankers are likely to earn much greater returns, for the foreseeable future, than their clients.

With liberalisation sweeping through the world's capital and financial markets, high financial returns are no longer a reflection of financial cartels exerting their pricing muscle at the expense of industry and commerce. It follows that profits may be rising to reflect an increase in the underlying risks.

Since the debt crisis, in which Latin American loans and lending to troubled businesses like real estate, energy, agriculture and commodities made big inroads into bank reserves, the banks have become less creditworthy than their own big clients. Multinational companies therefore find it cheaper to by-pass the banking system and go direct to the markets for funds. The banks are left with lower quality business on their books and an urgent need for profits to rebuild their reserves.

The corporate raiders have provided an answer to the bankers' problem. For in a world where good borrowers are scarce and a growing share of financial intermediation switches from the banking to the securities markets, the best way for the banks to make money out of big companies is to let a predator loose on them. In the case of greenmail, one set of banks benefits by financing or taking fees on the speculative bid; another set benefits by financing the victim company's purchase of its own shares. Banks can also generate fee income by urging more traditional companies to launch takeovers before becoming victims themselves—an invitation to pay protection money to the banks instead of the greenmailers.

The peddlers of junk bonds in the United States, of whom Drexel Burnham Lambert is by far the biggest, have been phenomenally successful because they have found another answer to the same problem. Savings and loan associations, for example, have been big buyers of junk bonds because they desperately need high returns to make good past losses. Much the same is true of other financial institutions.

Yet the high returns reflect very high risks. Many of the bids financed by junk bonds or bank loans rely on rapid subsequent asset sales at inflated values for the debt to be serviced. They are thus more akin to equity than debt. There is a strong possibility, too, that the bankers' assets have, in the central bankers' jargon, been underpriced in relation to those risks, in which case there could be a threat to the banking system as a whole.

In the US the political tide is already beginning to turn against the Anglo-Saxon propensity to play poker with the corporate sector. Re-regulation is now firmly on the congressional agenda after successive revelations about greenmail and insider dealing; and there is growing concern about the way in which raiders are saddling corporate giants with debt, so inhibiting investment in future earning capacity, and with heavy transaction costs. The junk bond market suddenly appears less robust.

In Britain, the Government seems more anxious to pursue insider dealing than to put a brake on takeover activity, despite last week's call by the Director General of Fair Trading, Sir Gordon Borrie, to have the burden of proof placed on companies to show that a merger would work in the public interest. Yet there are correctives at work in the market. Some of the Australasian predators who have financed much of their activity with equity in the past are beginning to borrow in strong currencies to finance overseas acquisitions and share stakes. That spells future trouble for central bank lenders of last resort. If stock markets

**Poor relationship between the owners and the owned**

take a tumble, the collateral for much bank lending disappears.

In the longer run, however, the last word lies with the investment institutions. The reason why greenmailers have flourished in the US is that the ultimate owners of the business, the investors, have not, until recently, found ways of preventing managers from paying protection money. The reason why the British rely excessively on takeovers to restructure industries is that the investment institutions have not found ways of dealing with under-performing management.

Those same investment institutions have exerted too little influence on accounting standards, so permitting the big corporations to extract maximum flexibility from an over-compliant accounting profession. And they have been too ready to swallow the claims of takeover merchants.

But as Mr David Walker of the Bank of England recently reminded the Confederation of British Industry, industrialists can exert a powerful influence over the biggest institutions of all—their own pension funds. In the present decade industry has come to regard pension funds as profit centres in their own right, but has failed to provide them with the budgets, the quality of management or the longer term perspective that is needed to provide responsible ownership. It is the inadequacy of this (ultimately incestuous) relationship between the owners and the owned that is at the heart of the Anglo-Saxon malaise.

*Tomorrow, Michael Prowse argues that financial deregulation threatens free tradeand makes economic management more difficult.*

# Men and Matters

## How Lawrence missed the Bank

It sounds wildly improbable, but evidence has come to light that T. E. Lawrence (the colourful Lawrence of Arabia who did *so much to weld the desert* tribes into what is now Saudi Arabia) was offered, and refused, a glittering career in the City.

He turned down the Secretaryship of the Bank of England, which was offered him in 1934, through a go-between, by the Bank Governor, Sir Montagu Norman.

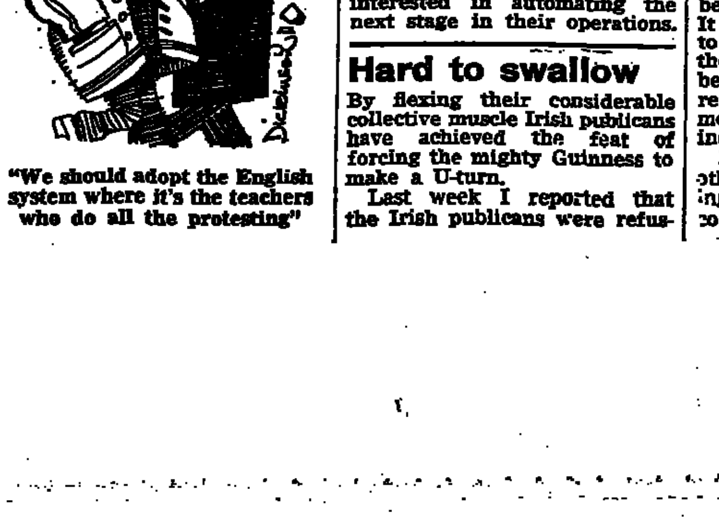
In keeping with the Corinthian style of the times towards professionalism, the "great and the good" of British finance took the view that although Lawrence "lacked business experience" he had sufficient qualities and stature to fill the post of Secretary.

The phrase "lacked business experience" is nothing if not generous. Lawrence had spent the previous 12 years as a non-commissioned airman in the Royal Air Force existing on a few shillings a day pay.

The London auctioneers Sotheby's later this month will offer for sale a letter by Lawrence refusing the Bank of England job.

The intermediary, who put the offer on Norman's behalf, was a Morgan Grenfell man (my, they do get about). But he failed to persuade Lawrence that life in EC4 would be superior to living in a cottage in Dorset.

Lawrence explains in the letter, "I should be able to live at peace in my cottage, with all the 24 hours of the day to myself. Forty-six I am, and never yet had a whole week of leisure."




"We should adopt the English system where it's the teachers who do all the protesting"

## Break through

Well, one British company seems to have cracked it—the Japanese market, that is.

Cope & Cope of Reading is all set to start exporting machines to peel the shells off Japan's hard-boiled eggs. They may not be the most elegant examples of British technology, but the Japanese agent, the Nozaki food wholesaling group, thinks it can sell 10 or 20 of the machines a year.

Nozaki claims that Cope's L-type egg de-shelling machine can crack and strip the shells of 8,000 boiled eggs an hour. It will sell in Japan for about Y5.9m (£25,450).

Nozaki has been marketing an egg-boiling machine for some time, and its food processing customers are now interested in automating the next stage in their operations.

## Hard to swallow

By flexing their considerable collective muscle Irish publicans have achieved the feat of forcing the mighty Guinness to make a U-turn.

Last week I reported that the Irish publicans were refusing to sell Guinness's biggest non-stout seller in Ireland, Harp Lager, in protest at a hefty four pence a pint rise in all its products, imposed without warning by the group.

After several days of talks in which the Harp boycott spread quickly across the country, Guinness agreed to defer the price rise until the New Year, when it will be introduced in two phases.

The sting in the tail for Dublin drinkers is that, in the meantime, agreement has been reached between the capital's publicans and its barmen which will bring a further rise of up to two pence. That will take the cost of a pint of Guinness to over I£1.40 in most City bars.

## Prodi's points

Harsh criticisms of Mrs Thatcher's policies from Prof Romani Prodi, the jovial and portly president of IRI, the Italian state holding company, which he has brought within a whisker of breaking even after losses three years ago of L3,000bn (£1.5bn).

In an interview with Arrigo Levi (who says British journalists always describe Prodi as "jovial and portly"), published by La Stampa, Prodi comments on the fact that the Italians have overtaken the British to occupy fifth place in the world league of per capita incomes.

"But let's speak the truth," he says. "It's they who have become sixth and not us fifth. It is they who mistakenly chose to become post-industrial and they who have remained behind. So the English case reminds us of our duty, as a modern country, not to abandon industry."

British shortcomings offer other lessons, says Prodi. Arguing for a new education system consciously dedicated to training managerial elites, the good professor says the absence of such in England, together with the lack of social mobility, is the reason why Britain "is being overtaken by everybody."

## Back pay

The northern Manitoba town, The Pas, likes to keep its municipal accounts in good order.

Which is why there was surprise and embarrassment when a letter was received from a George Peglar now living in Aberdeen, Scotland.

He enclosed a pay voucher for C$1.75 dated 1928. Living in The Pas at that time he had done one day's casual work at the local power station. He had been given the voucher but had left town before the bank had opened the *following* day and had never collected his wages.

Mayor Bruce Unfried calculates that at 5 per cent compound interest over 58 years the *money owed* would *amount* to C$31.68.

The town intends to send its old employees his back pay and, for good measure, invite him to the town's 75th celebration next year.

## Brass band

Anybody looking into Court 34 in the Royal Courts of Justice yesterday might be forgiven for doubting whether the International Tin Council had any financial problems after all.

Six barristers, including four Queen's Counsel—among them, "Super Silk" Robert Alexander, fresh from his successful damage limitation exercise on behalf of the City Takeover Panel — appeared for the ITC on its application to strike out a winding-up petition brought against it.

In all, 21 counsel have been briefed in the case which is expected to run until the court rises for its Christmas vacation at the end of next week.

The UK Government, merchant bank Kleinwort Benson, and Amalgamated Metal Trading, the London Metal Exchange trader that lodged the petition, all have two QCs on their teams.

**Observer**

# Letters to the Editor

## National asset stripping of a shortsighted kind

*From Mr B. Kilroy*

Sir,—Over the past few weeks the economic implications of mortgage interest tax relief have come under fire from a surprising range of quarters in the columns of the Financial Times. They join the President of the Royal Institute of Chartered Surveyors, the Duke of Edinburgh's housing inquiry and the Archbishop of Canterbury's "Faith in the city" report in attacking this most sacred of sacred cows.

Over 70 per cent of all middle age bands are currently on the home ownership ladder. Home ownership has, within two generations, become the "natural" tenure, somehow linked to the "mature" phase of industrial society—despite being a minority tenure in the Netherlands, West Germany and Switzerland.

On closer inspection, the UK process is intrinsically linked with a tax system which is very generous to the home owner. Last year mortgage interest tax relief cost the Exchequer £4.75bn. Yet even this is the least valuable of a range of exemptions on offer to home owners.

Let's take an hypothetical illustration. Suppose I borrow £40,000 to buy a house. In any other medium but housing, I would need to invest £56,000 to compensate for taxation at the basic rate. The capital value of this exemption is worth £16,000. Interest relief is worth 29 per cent on £30,000 (maximum) of my mortgage or nearly £9,000. On death my house would be the first main exemption from inheritance tax at 30 per cent of £40,000—£12,000. Together these tax exemptions are already worth £37,000. And that's before taking account of the real appreciation of house values (currently estimated to be worth 6 per cent a year). When their capital gains are realised, they are also tax free.

Clearly the average home owner (or should we say, housing investor) is effectively housed free. The regressive redistribution of resources is quite spectacular.

But it's not simply a question of equity. Homelessness is not another issue; it's the reverse side of the same issue. Housing shortages and exploitaion are caused by excessive generosity to the already well housed. Yet we continue to believe we can have our tax exemption cake today and somehow tomorrow tackle the housing problem.

The phenomenon whereby personal savings are primarily channelled into industry in Japan and West Germany, whereas in the UK they go into the housing market is well known. But in the housing market, they are not used to build or restore, but finance an inflationary exchange process.

The supply of housing is relatively fixed and the "secular" demand increases as real incomes increase before being boosted by tax exemptions. It is inevitable not only that house prices will go on increasing in real terms but also that poorer households will be squeezed down—and out.

This is not to gainsay home ownership as such. Organisations like Shelter have repeatedly drawn attention to the growing disrepair among the owner occupied sector.

Meanwhile, criticism abounds of council housing subsidies. In aggregate these are now nil; any residue in the cities are offset by surpluses in the shires which are used in many instances to keep down the rates.

In contrast, the subsidised accumulation of paper wealth in owner-occupied housing leaks into general consumption and imports when home owners trade up or die — the Bank of England has estimated this "equity withdrawal" at over £7bn. This is national asset stripping of the most shortsighted kind.

Shelter's proposal is to shift the distribution of all housing benefits, not to abolish them. There need not be a housing problem. And one of its prime causes is the bonanza of tax exemptions on the consumption of housing for the likes of you and me.

Bernard Kilroy.
Shelter.
*157, Waterloo Rd, SE1.*

## Shopping goes electronic

*From Mr P. Hirsch*

Sir,—Your editorial "Shopping goes electronic" (December 2) fails to capture the essence of the matter to your usual standard.

While you rightly point out that the idea of electronic payments is hardly revolutionary these days, you conclude that the advent of Eftpos should generate the biggest change in consumer habits since the introduction of the cheque. This fails however, to take account of the fact that today consumers already hold over 20m credit and charge cards, issued by banks and retailers, which they can use in more than 250,000 shops, restaurants, hotels and garages.

There is little evidence to suggest that the consumer cares whether the system that processes his plastic card transaction is electronic or manual — what he wants is a reliable and accurate system that protects his interests. The banks' proposal that payment by electronic debit card should offer less legal protection than payment by cheque or credit card, and the likelihood that the customer account will be debited several days earlier than if he paid by cheque, are features of a new payment system which seems hardly likely to generate rapid and extensive enthusiasm.

While a minority of customers will adopt the new system, it is unlikely that the majority will regularly use it within this century — it is worth remembering that nearly twenty years after the introduction of the first cash dispenser, only about one third of bank customers are active users.

This combined with the fact that the banks themselves estimate that only about 25 per cent of all cheques are used at potential Eftpos sites, suggests that your conclusion — that Eftpos is likely to grow into the most important clearing mechanism of all — is premature.

The development of Eftpos has been technologically rather than commercially driven in the UK, as you say, and we lag behind Belgium and France.

Problems in interbank cooperation in Eftpos and acrimony between retailers and banks are not unique to the UK. Exactly the same conflicts have emerged elsewhere, and for the same reasons. The opportunities and threats created by the development of Eftpos are different for different members of the financial community, and the economic and business case for an extensive, secure, on-line Eftpos system is unproven. Banks have therefore sought to cover the expense and risks, of what should be a cost reduction exercise, by ensuring that some of this expense is carried by other parties, particularly retailers — with predictable consequences.

The path of Eftpos in the UK is still not yet clear — the latest announcement by the banks in fact legitimises a higher level of individual bank activity, already recently fuelled by Barclays' announcement of the launch of its own proprietary debit card and of a nationwide off-line Eftpos network.

What is likely is that Eftpos will gradually develop to become one among several payment system alternatives, rather than heralding the emergence of a new payment era for banks, retailers or customers. As a payment system the significance of Eftpos has perhaps been as overrated as the importance of the introduction of the credit card has been underestimated.

P. G. Hirsch.
(UK manager, Banking Research.)
Battelle Institute,
*15, Hanover Square, W1.*


## Throwing money at problems

*From Mr R. Haywood.*

Sir,—It would set an encouraging example to British industry if the Government would not attempt to tackle complex and sophisticated social problems simply by throwing advertising money at them.

The recent announcement of a government campaign to fight drink-driving over the Christmas period follows the earlier decision to spend £20m on the Aids campaign, the earlier drug-abuse problem and other similar issues.

Advertising is extremely effective at developing awareness but, even the most ardent advertising expert will concede that this technique is far less effective in influencing opinion.

The reasons for this are simple; the public may be reached by the advertising effort but they are fully aware of the origin of the message and the objectives of the advertiser. They may accept such influences when they are designed to encourage them to buy coffee but are less likely to be persuaded to change deep-held opinions or social behaviour.

In some cases, the advertising media to reach the audiences do not exist. For example, there is much evidence that the drug campaign did not influence the young people most at risk because it was published exclusively through media which they identified as being "establishment"—the national Press and TV. Heavy expenditure may mean they are reached, skilful presentation may mean they hear the message but the official, established nature of the channel of communication makes such messages no more influential than a lecture from a parent.

Clearly, the persuasive method of communication that has proved most effective in influencing opinion and attitude is public relations. It is disappointing that the Government is happy to spend very significant sums in using professional advertising agencies to try to rectify social problems but will not commission the PR consultancies whose work is proving so effective in creating goodwill and understanding in almost every other sector of British life.

Public relations proves the crucial factor in every takeover battle, it is behind every popular business success—and it increasingly helps shape public opinion and behaviour—for example, an organised campaign succeeded in defeating the government's proposed Sunday trading reform.

Of course, spending money on advertising provides a simple and conspicuous demonstration of activity. Perhaps the Government is not so concerned that such techniques do not work.

Roger Haywood,
Roger Haywood Associates.
*7 Eccleston Street, SW1.*

## Pension benefits and mortgages

*From Mr D. Fettes*

Sir, — Mr Wynne-Griffith's letter (Chaos in pensions December 5) is interesting for a number of reasons. It is true to say that pension mortgages have been used by insurance companies for increasing the sale of pension contracts. In many instances the clients are not aware that part of their pension entitlement is being mortgaged and that their retirement benefits will be reduced because a substantial proportion of the accumulated fund at retirement will be used to redeem the outstanding mortgage.

Insurance companies live in a commercial world and cannot be blamed for wishing to expand their business. By promoting the use of pension mortgages they have increased the public's awareness of pensions as a tax efficient form of investment for retirement. It is no secret that the majority of the working population of this country have inadequate pension benefits and indeed a substantial percentage have none at all and reach retirement with nothing other than the state pension on which to live. This is especially true of the self-employed who cannot benefit from the state earnings related pension scheme (SERPS). While considering the future of SERPS and the whole pensions industry the Government should expend similar energy on improving the state retirement benefits available to the self-employed.

While in an ideal world it would be better that pension benefits were not committed to repaying mortgages, they have provided many with retirement benefits that they would not otherwise have. Any steps which allow people to gain financial independence in retirement should be applauded.

David Fettes,
*Lucas Fettes & Partners,*
*301-305 Euston Road, NW1.*

## Careful lighting up time

Sir, — Having arrived home last Sunday evening from a day-away I sought something to eat quickly. My daughter's sandwich toaster immediately came to mind. A delicious cheese toasted sandwich came forth after 5-6 minutes. I disconnected the 13-amp plug which burnt my hand. As an electrically minded person I undid the plug top—fuse OK—terminals? Negative loose, also the earth. I went round the house checking all other plugs and found at least one-third with the same fault.

This has occurred sometime in the past on one appliance but I discarded the idea as a flaw in my own connection.

We are 50 cycles on current now and I would suggest that every household and building in the country (if not the entire world) using plug tops will find a high percentage of loose terminals. Fifty cycles per second is a powerful loosening effect.

Derek J. T. Last,
LB Lighting,
*Beeching Road,*
*Bexhill-on-Sea, Sussex.*

## Wage rigidity in regional labour markets

*From Mr B. Ashcroft.*

Sir,—Samuel Brittan is clearly correct in highlighting the severe structural imbalances which are currently preventing the UK economy from sustaining permanently lower levels of unemployment. In "The fool's paradise on jobs" (December 4) I fear he goes too far in allocating sole responsibility to downward wage rigidity in regional labour markets for the relative lack of job creation in areas of high unemployment.

The failure of regional wages to adjust to geographical shifts in the demand for labour is undoubtedly of significance to the currently high and increasing spatial mismatch between labour demand and supply, but the traditional regional 'myopia and metropolitan bias of UK companies,' largely headquartered in Greater London and the south east, is also a major contributory factor.

Mr Brittan, in casting doubt on the efficacy of regional policy and tax-cum-subsidy policies, appears to be suggesting that firms respond fully to market wage differentials but are less responsive to a policy implementation of the shadow wage. I am not aware of any evidence that supports this contention, although the uncertainty surrounding the continuation of such policies could in principle produce a differential response. I suspect that the truth is that both lower wages in depressed areas and regional policy incentives are heavily discounted by companies in the south. The research on the impact of regional policy incentives in the 1960s and early 1970s suggests that it was the operation of Industrial Development Certificate (IDC) control, in conjunction with high levels of demand in the west midlands and the south east, that increased the flow of mobile firms out of those areas. Regional labour and investment subsidies largely served to influence the distribution, but not the generation, of the increased flow.

With the relatively faster growth of the vacancy-unemployment ratio in Greater London and the south east, now twice as high as the ratio in Scotland and the north of England, and the net effects of the oil price collapse set to widen that disparity further, a re-introduction of IDC control in the south east would help to check, and perhaps reverse, this increasing spatial mismatch between labour demand and supply. The lowering of the NAIRU, which would follow from a reduction in geographical mismatch in the labour market, should more than compensate for any reduction in allocative efficiency and hence upward pressure on the NAIRU which could occur even with the most sensitive application of the control.

It is indeed time to show a lack of patience with "ingrained UK habits" but we would do well to direct our attention to the "fool's paradise" which exists on both sides of the labour market.

Brian Ashcroft,
Fraser of Allander Institute,
University of Strathclyde,
*100 Cathedral Street, Glasgow.*

*From Mr T. Marlow*

Sir,—No one could disagree with Samuel Brittan's inclination for taking the bull by the horns and tackling the failure of the market at source (The fool's paradise on jobs, December 4). To suppose however that lowering the wages of male manual workers will lead to the creation of extra jobs in Merseyside's highly automated car plants, result in more jobs for shipworkers in Newcastle, or reinvigorate Manchester's textile industry, is pie in the sky. UK regional pay differentials are insignificant when considered in the context of worldwide markets, new technologies and international competition. Economists of all schools could usefully spend more of their time examining the indigenous capability of regions to create lasting wealth and employment for their people. This would lead to a better understanding of the causes of regional employment problems and to practical measures to help alleviate such problems. Surely this would be more productive and responsible than a narrow indulgence in island thinking.

Tim Marlow,
Marlow Wilkinson,
*6 Mortimer Street,*
*Hamilton Square,*
*Birkenhead, Merseyside.*

UK civil service selection

# Life in the fast stream

"YOU ARE joking," said Louise Alliott in genuine disbelief when she learned that she had been recommended for a post in Britain's Diplomatic Service. Viewers who watch her stumbling performance before the Final Selection Board on BBC 2s Forty Minutes this Thursday may be equally surprised.

In the second of two programmes, Forty Minutes shows the ordeal of Miss Alliott and others, providing an insight into the sort of person that the Civil Service appoints as administrative trainees. These "fast stream" posts—usually fewer than 100 are available each year in the Home Civil Service and 20-25 in the Diplomatic Service—are the training ground for the top civil servants of the future.

Whether any of the crop of fast trackers filmed will find him or herself talking about spies before a foreign court of law is perhaps not worth speculating. But the documentaries do throw some light on Whitehall's view of itself at a time of increased emphasis upon good management, but when many still suspect the service prefers to recruit in its own image; the better public schools and the universities of Oxford and Cambridge. And who knows, a future Sir Robert Armstrong, Head of the Home Civil Service, may have been captured on film.

Each year, the Home Civil Service receives around 3,000 applications from external candidates hoping to get in by the "fast stream" entry method, and the Diplomatic Service around 2,000. Tax inspectors can also be recruited by the same open competition procedure.

About 90 per cent of fast stream candidates fall at the first hurdle — the qualifying test (internal candidates do not take the test). Those who pass are called before the Civil Service Selection Board (CSSB), where the main sifting takes place. Groups of five candidates are continuously assessed over two days by a three-person selection board in a series of interviews, discussions and written tests. Of the group of five filmed by Forty Minutes three fail. The successful two, assessed on "qualities such as judgment and leadership," were graded "near misses" by the CSSB. They then go before the Final Selection Board (FSB), made up of five people from the Civil Service, academic and business life.

The second programme shows two candidates before the FSB, with contrasting backgrounds and personalities. Miss Alliott, educated at a leading public school and from a comfortable professional family, was in her final year at Oxford. Her assessors on the CCSB had rated her personality "outstanding," but they were not entirely satisfied about her intellectual awareness.

Timothy Cooke, whose parents are teachers, was educated at a comprehensive school and went to Oxford after a year on the factory floor. After Oxford, where he did not feel at ease until his final year, he worked for the Greater London Council for two years before its abolition. He chose to be unemployed rather than work for one of the successor bodies, which he did not think could offer him the stimulus of the GLC. His assessors had graded him highly on intelligence, but were concerned that he "lost balance when faced with moral issues." His political sympathies, not disguised, are left of centre.

Miss Alliott, despite fluffing the FSB's questions on foreign affairs, was accepted. Mr Cooke, who stepped into a disastrous argument on the pros and cons of nuclear power, failed.

It might be tempting at this stage to sniff the "own image" selection process. Miss Alliott's background, if not her gender is, typical of the Administrative Class, who now form the top strata in Whitehall. Today women make up about one third of successful candidates.

The statistics, however, show that the Civil Service Commission's efforts to cast the net wider looking for candidates is beginning to pay off. This year for the first time, for example, slightly more than half the intake was non-Oxbridge and three had been educated at polytechnics. For the first time in several years also, the Commission filled almost all the vacant posts. If the number of good candidates is not sufficient, it will not compromise its standards.

The Civil Service Commission has devoted a lot of effort to persuading graduates from redbrick and the new universities, as well as people who have started out on other careers, that the Civil Service wants them if they are good. And by good, the Commissioners mean people who have the intellect to master complex issues and present options to ministers which show no hint of their own personal preferences. Miss Alliott was seen as having qualities which could be trained in that direction, and the personality to present them convincingly—although there was some doubt as to how she might cope if she was forced to depart from her brief in negotiation with a foreign diplomat.

Mr Cooke, on the other hand, was seen as somebody whose personal views would dominate. "I think he would have been unhappy in the civil service," said Mr Denis Trevelyan, head of the Civil Service Commission, after watching the programme. "I don't think he would have stayed."

Underlying the selection procedures, and the structure of the Civil Service, is the assumption that fast-stream entrants will always be civil servants.

This assumption, however, may no longer be valid. A small, but growing, number of those who came in by the fast-stream entry 10 and 15 years ago are leaving. The latest available figures, for 1984, showed 67 Grade 7s (formerly principal) left, 31 Grade 6s, and 19 Grade 5s (Permanent Secretaries are Grade 1). That was a tiny number as a proportion of the total in those grades, but concern is growing among ministers and top civil servants that those departing are among the best.

Their reasons for leaving are many—pay, quicker promotion prospects, challenge, and, sometimes, the feeling that achievement in the private sector is rewarded with more responsibility.

At the same time Whitehall itself, aware that the career-for-life assumption no longer holds and concerned to improve communication with the private sector, has looked for ways to transfer experience between the two sides.

But in many respects, the Civil Service is becoming more like the private sector. Management training is provided for all civil servants as they reach Grade 3, section head appointments.

"The classical virtues have still got to be there. They have to be able to draft a bill, write an answer to a parliamentary question for the minister, and write speeches. But we are making a conscious effort to select people with managerial qualities," says Mr Trevelyan.

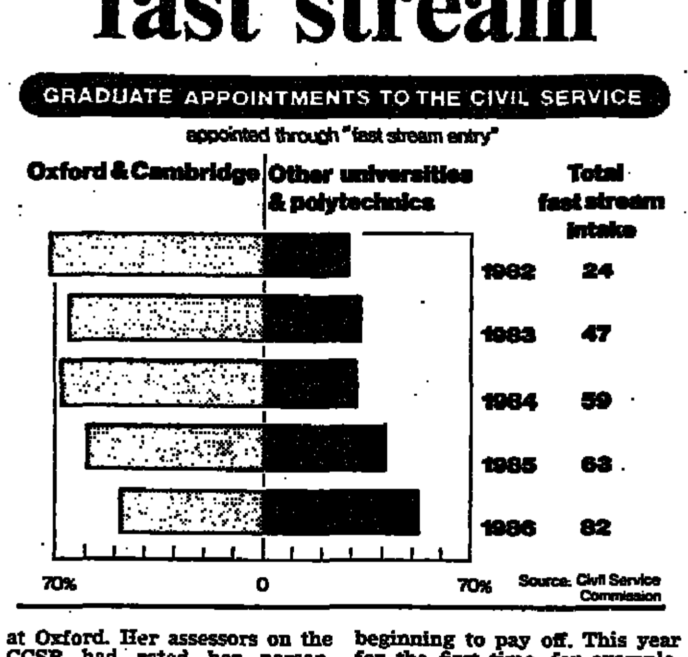
The Civil Service is changing, however, and this was evident in the programmes. Some of the candidates before the selection boards had very different backgrounds from today's top civil servants. Some recent appointments are courageous. Miss Evelyn Child, shown in the first programme, would have been unlikely even to come before a board 10 years ago. Educated at a comprehensive, she went to university after finding that she did not want to continue a career in banking. She tried the fast-stream entry last year, but did not get to the final board. She took a more junior job in the Home Office, which presented her again this year. Although graded a "near miss," she made it past the final board, where her "determination," as well as intelligence, prompted her recommendation for an appointment.

Perhaps the Service will change in other ways. Asked by one of her assessors to whom she thought the Civil Service was accountable, Miss Child put it in an un-Armstrong way: "primarily to the general public."

**Hazel Duffy**

GRADUATE APPOINTMENTS TO THE CIVIL SERVICE

appointed through "fast stream entry"




Source: Civil Service Commission

FINANCIAL TIMES
Tuesday December 9 1986



# UK hosts meeting for leading securities regulators

By Clive Wolman in London

SOME OF the leading regulators of securities markets from 10 different countries will be meeting in the UK tomorrow to discuss ways of tracking down fraudsters and co-ordinating their supervision.

The UK's Department of Trade and Industry (DTI), which has been organising the meeting since August, hopes that it will lead to a series of bilateral agreements to allow the exchange of information between regulators about possible malpractices in their markets.

The regulators are arriving in the UK tomorrow evening and will be taken to a secret location outside London. A full-day session will be held on Thursday and another half-day on Friday morning.

The UK will be represented by Mr Brian Hilton, under-secretary at the DTI's financial services division, and other members of the division.

The Securities and Investments Board (SIB), the new City of London regulatory body, has been invited as an observer. But representatives of the UK and all other stock exchanges have been excluded.

Officials from the Bank of England and the British Treasury, who were often in conflict with the DTI during the passage of this year's Financial Services Act, have also discovered over the past few days that they have been left off the invitation list.

The other countries and regulatory bodies to be invited are the US Securities and Exchange Commission (SEC), the Securities Commission of Ontario, representing Canada, the securities regulatory bodies of Australia and Hong Kong, the stock exchanges commission of France, and the ministries of finance of Japan, West Germany and the Netherlands.

Switzerland, whose co-operation is seen as vital because of the traditional popularity of secret Swiss bank accounts among miscreants, is sending representatives of its Ministry of Finance and federal Department of Foreign Affairs.

Other countries with large securities markets or popular tax havens, such as Italy or the Cayman Islands, are likely to be invited to follow-up meetings. The DTI has emphasised, however, the need to keep the first meeting small and informal.

Three topics have been placed on the agenda. These are: co-operation in investigating and prosecuting malpractices; the effects of growing links between the securities markets of different countries with the growth of 24-hour trading; and ways of co-operating with the world's banking supervisors.

Meanwhile, the DTI yesterday injected a further element of mystery into its prosecution of Mr Geoffrey Collier, the former securities chief at Morgan Grenfell, for alleged offences under the 1985 Insider Dealing Act.

Its summons has been issued by the Wimbledon magistrates court, even though neither Mr Collier nor his alleged offences have any apparent connection with the Wimbledon area south-west of London. The DTI is continuing to refuse to give details of the charges against Mr Collier.

In another development, the directors of Cambrian and General Securities, the investment trust set up by Mr Ivan Boesky, the disgraced New York arbitrageur, have set up an investigation into Cambrian's share trading activity.

The accountancy firm, Peat, Marwick, Mitchell, has been asked to investigate Cambrian's dealings in about 30 US securities in which Mr Boesky and his accomplice, Mr Dennis Levine, have been accused of dealing on the basis of inside information.

One aim of the investigation is to establish the potential vulnerability of Cambrian to civil lawsuits by US investors claiming to have lost money as a result of insider dealing by Cambrian.

# EEC submits two names for top position at IMF

BY QUENTIN PEEL IN BRUSSELS

EUROPE will submit two nominations for the job of managing director of the International Monetary Fund (IMF) Mr Michel Camdessus, governor of the French central bank, and Mr Onno Ruding, the Dutch Finance Minister – because of deadlock in the EEC over which candidate to back.

Mr Nigel Lawson, the British Chancellor of the Exchequer and current chairman of the EEC finance ministers, confirmed the outcome of weeks of negotiations, during which neither France nor the Netherlands has been prepared to withdraw its candidate. "Both of them are very good candidates," he said.

The decision on who will head the fund will now have to be taken by the executive board of the Washington-based organisation, containing all the executive directors from the US, Japan and developing countries.

The job falls vacant on January 1 with the retirement of Mr Jacques de Larosière, who wishes to return to France. The French Government is understood to want him to swap jobs with Mr Camdessus, the former director of the French Treasury, and appointed as central bank governor by the former Socialist government.

The EEC has been under growing pressure from the US in recent weeks to reach a decision on its candidate.

Opposition to Mr Camdessus within the EEC came from member-states who argued that France already has too many major international jobs – including the secretary-generalship of the OECD, and the presidency of the European Commission.

Mr Ruding, current chairman of the IMF interim committee and immediate past chairman of the EEC finance ministers, is well respected by his colleagues, although also feared as a strong proponent of strict budgetary discipline. He was supported by seven of the 12, including most of the northern member-states, such as the UK and West Germany, but has been outspoken in the past in criticising US economic policies over the dollar and the federal budget deficit.

Mr Lawson said there would be "further soundings" in the executive board of the IMF in Washington.

# European Parliament backs Ecu 7.7bn research spending

BY WILLIAM DAWKINS IN BRUSSELS

THE EUROPEAN Parliament yesterday gave its formal support to ambitious plans for an Ecu 7.73bn ($7.43bn) spending programme on joint EEC research and development between 1987 and 1991.

MEPs voted to call on the European Commission to withdraw the proposals entirely if member-states cannot agree on them in full. The parliament's appeal came on the eve of meeting in Brussels of Community research ministers, who will attempt to reach a final accord on proposals that have opened up profound divisions between the 12 member-states.

Diplomats said yesterday that some formerly entrenched EEC states were now showing signs of flexibility over the so-called framework programme, following private meetings with Mr Geoffrey Pattie, the UK Minister for Information Technology, who will chair today's meeting. Officially, the programme's funding must be agreed by the end of this year.

West Germany is understood to have softened its initial opposition to one of the largest elements in the programme, the Race advanced telecommunications project, covering an area in which Siemens has a lead and which Bonn argued should be left to communications concerns to finance.

Meanwhile, Mediterranean member-states appear to be prepared to countenance reductions in bigger elements of the programme like Race and the Esprit information technology scheme – which together account for 40 per cent of the proposed funding – so long as other projects which will benefit them more directly are kept intact.

The most recent attempts to discuss the programme have ended in deadlock. West Germany is joined by France and Britain in wanting to see the budget pruned severely to between Ecu 3.5bn and Ecu 4bn, despite the fact that they would gain more from a big research budget than their less industrialised partners.

The continued haggling, in which the research budget has already been cut to its present figure from Ecu 10.35bn, has enraged Mr Jacques Delors, the Commission's President, who warned recently that he would tolerate no more "horse trading" over the programme. The Commission has shown twice in the past fortnight that it is prepared to withdraw proposals completely if member-states insist on emasculating its ideas.

# Records topple as British Gas makes triumphant market debut

BY RICHARD TOMKINS IN LONDON

BRITISH GAS shares made a triumphant debut on the London stock market yesterday afternoon, ending the session at a 12½p premium to the 50p partly-paid offer price and breaking several records in the process.

The shadows cast by last week's hesitancy in the "grey" unofficial market vanished as UK, Japanese and US institutions emerged as strong buyers.

The share price shot to 67p when dealings began and held that level for about half an hour before gradually trickling back to end the session at 62½p. Later in New York, where trading also began yesterday in American Depository Receipts, the $7.11 shares were at $8¾ by early afternoon.

Records fell rapidly during the day. The issue itself was by far Britain's biggest, and brought unprecedented trading volumes to the market.

Within an hour and a half of the start of dealings, trading in British Gas shares alone had exceeded the highest recorded total equity trading for the London market in a whole day – 520.8m shares on November 14.

By the end of the session, over 800m British Gas shares had changed hands – about 20 per cent of the company's total equity.

Fears that the stock exchange's new electronic dealing systems would be unable to cope with the volume proved unfounded.

Modifications to the computer programme to remove bottlenecks, and the installation of a software filter to remove bargains of less than 500 shares from the trade report "ticker", helped the system cope. However, the settlement computers have yet to feel the strain.

The arrival of British Gas also produced record volume on the traded options market as professional market makers used options either to protect their positions or as additional trading vehicles.

The total volume of 81,733 contracts surpassed the previous record of 67,187 set on October 10, the first day of trading in TSB, the UK financial services group. Of the total, 64,386 were British Gas options, and volume was divided evenly between calls and puts.

British Gas's debut was given a fair wind by favourable conditions in the London market. The FT Ordinary index closed seven points up at 1,275.5.

On the stock exchange floor, there were none of the scenes of hectic activity which accompanied previous privatisation issues and TSB. In the post-Big Bang era, dealers were too busy sitting in front of their screens upstairs to attend the old-fashioned festivities.

With many small investors hindered from selling their shares before the delivery of allotment letters next Tuesday, few were able to take advantage of the premium. Most of the selling was thought to have come from big professional investors and the institutions.

Market makers, alerted to the presence of heavy institutional interest, were offering to deal in blocks of up to 100m shares, and price quotations showed a wide spread. One of the day's largest deals was transacted within five minutes, when 9.9m shares changed hands at 70p.

# Chirac backs down on reform bill

Continued from Page 1

part in tomorrow's march–called by the students to demand the withdrawal of the bill and protest at police violence. The Communist-led CGT union said that it would still take part.

The opposition Socialist Party said that the withdrawal of the measure had come too late to prevent the violence and the death of Malik Oussekine, the young French student of Algerian origin, who died on Saturday after blows from police truncheons. The Socialists made clear they would still press for an enquiry into the police's role.

They also took advantage of the Government's withdrawal of the university bill to demand that it also postpone the new legislation making it more difficult for immigrants to gain French nationality.

Some 30,000 people marched through Paris in silence and wearing black armbands yesterday afternoon in memory of the death of the death of Malik Oussekine. President Mitterrand went to visit his family, thus giving implicit support to both the students and the immigrant community.

By contrast Mr Charles Pasqua, the Minister of the Interior, visited in hospital some of the 179 police who have been injured in the rioting of the last few days.

Strong criticism of the Government's action in withdrawing the bill came from the extreme right wing National Front which, accused the Government of giving way in face of street demonstrations.

# World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | C | 16 | 61 | Dubrovnik | S | 17 | 63 | Malta | S | 17 | 63 | Rhodes | S | 18 | 64 |
| Algiers | S | 19 | 66 | Edinburgh | R | 7 | 45 | Manchester | C | 11 | 52 | Rio de J'o | C | 35 | 95 |
| Amsterdam | F | 12 | 54 | Faro | F | 16 | 61 | Manila | S | 31 | 88 | Rome | S | 15 | 59 |
| Athens | F | 15 | 59 | Florence | F | 13 | 55 | Melbourne | F | 17 | 63 | Salzburg | — | — | — |
| Bahrain | S | 20 | 68 | Frankfurt | S | 10 | 50 | Mexico City | — | — | — | San Francisco | F | 6 | 43 |
| Bangkok | S | 31 | 88 | Funchal | F | 19 | 66 | Miami | S | 24 | 75 | Seoul | S | 6 | 43 |
| Barcelona | F | 12 | 54 | Geneva | Fg | 6 | 43 | Milan | S | 8 | 46 | Singapore | F | 27 | 81 |
| Beirut | — | — | — | Gibraltar | R | 16 | 61 | Montreal | F | -2 | 19 | Stockholm | C | 4 | 39 |
| Belfast | R | 6 | 43 | Glasgow | R | 5 | 41 | Moscow | S | -2 | 19 | Strasbourg | Fg | 7 | 45 |
| Belgrade | C | -1 | 30 | Guernsey | C | 11 | 52 | Munich | S | 9 | 48 | Sydney | F | 24 | 75 |
| Berlin | C | 4 | 39 | Helsinki | F | -2 | 28 | Nairobi | F | 20 | 68 | Taipei | S | 21 | 70 |
| Biarritz | R | 15 | 59 | H. Kong | C | 19 | 66 | Naples | S | 16 | 61 | Tangier | R | 15 | 59 |
| Bombay | S | 32 | 90 | Innsbruck | — | — | — | Nassau | S | 28 | 82 | Tel Aviv | S | 18 | 64 |
| Bordeaux | R | 10 | 50 | Inverness | C | 3 | 37 | New Delhi | Fg | 17 | 63 | Tenerife | — | — | — |
| Brussels | S | 13 | 55 | Islamabad | S | 24 | 75 | New York | F | 6 | 43 | Tokyo | S | 12 | 54 |
| Budapest | C | -1 | 30 | Istanbul | C | 10 | 50 | Nice | C | 13 | 55 | Toronto | C | -8 | 18 |
| B. Aires | S | 30 | 86 | Jakarta | C | 32 | 90 | Nicosia | S | 21 | 70 | Tunis | S | 16 | 61 |
| Cairo | C | 19 | 66 | Jersey | R | 11 | 52 | Oporto | R | 13 | 55 | Valencia | — | — | — |
| Cape Town | S | 23 | 73 | Jo'burg | F | 24 | 75 | Oslo | C | 8 | 43 | Venice | S | 7 | 45 |
| Caracas | C | 26 | 79 | Lima | S | 22 | 72 | Paris | S | 13 | 55 | Vienna | C | 0 | 32 |
| Casablanca | F | 21 | 70 | Lisbon | F | 15 | 59 | Peking | F | 4 | 39 | Warsaw | S | 2 | 36 |
| Chicago | D | 3 | 37 | London | C | 13 | 55 | Prague | S | 3 | 37 | Washington | C | 6 | 43 |
| Cologne | S | 12 | 54 | Los Angeles | F | 11 | 52 | Reykjavik | F | -1 | 30 | Zurich | Fg | 4 | 39 |
| Copenhagen | C | 4 | 39 | Luxembourg | S | 11 | 52 | | | | | | | | |
| Corfu | S | 17 | 63 | Madrid | D | 7 | 45 | | | | | | | | |
| Dallas | — | — | — | Majorca | S | 18 | 64 | | | | | | | | |
| Dublin | R | 7 | 45 | Malaga | D | 15 | 59 | | | | | | | | |

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

# Japan orders Airbus

Continued from Page 1

new computer system and reduction in noise and fuel consumption. The efficiency of the Airbus container system for cargo handling was also mentioned.

ANA have not yet decided on the form of financing to be used or on an engine. The choice, it said, was between the international consortium developing the V-2500 engine and the General Electric-Snecma CFM56-5. The V-2500 engine seems a clear favourite because a Japanese consortium is one of the partners, along with Pratt & Whitney of the US, Rolls-Royce of the UK, MTU of West Germany and Fiat of Italy. Deliveries of the aircraft would start in September, 1990.

British officials said that the purchase would mean considerable business for British companies – up to $10m per aircraft, provided the V-2500 engine is used. Among the major suppliers would be British Aerospace, which makes the wings for the A-320, Rolls-Royce and Lucas Aerospace. The deal does not involve any manufacturing in Japan, expect for the Japanese contribution to the engine, if the V-2500 is chosen.

ANA claims to be Japan's largest airline, and the sixth largest in the world, in terms of passengers carried – 23.9m last year. It has a fleet of 98 aircraft. including Boeing 767s, 747s, 737s and 727s and Lockheed 1011s.

# S. African miners resign after violence

By Anthony Robinson in Johannesburg

ABOUT 500 black gold miners have resigned from Anglo American Corporation's Vaal Reef mine complex and been sent back to their homes after bloody weekend fighting in which 20 men were killed and 72 injured.

The fighting between groups armed with homemade weapons appeared to be a resumption of clashes two weeks ago when 13 miners were killed and 20 wounded in a weekend of violence over an attempt by union activists to organise a boycott of mine beer halls.

For many miners the beer halls represent relief from the tedium and crowding of the single-sex mine hostels, and according to Anglo American the fighting appeared to develop on tribal lines, management and unions are seeking the main causes of the violence.

Vaal Reefs, near Orkney 150 kms south-west of Johannesburg is one of the country's biggest mines with more than 47,000 miners producing more than 80 tonnes of gold annually. The fighting affected only two of the nine shafts where about 5,000 are employed. The rest of the mine has been unaffected so far and work resumed at all shafts yesterday morning, the company said.

Although Anglo officials said they knew of no work-related reasons for tension, the latest violence comes after strikes and protests at several other gold and coal mines and arson and suspected arson at the Kloof mine owned by Goldfields of South Africa.

Gold Fields has been strongly criticised by the National Union of Mineworkers for its refusal to join the other major mining groups in raising its final pay offer in this year's annual pay negotiations.

Last month a fire broke out at Kloof and the company reported evidence of arson. Two days later, another and more serious fire broke out which is still raging nearly 3 kms under ground.

Mine management suspects arson in the second fire, too, but has not been able to get near the source of the blaze. The fire started on November 20 but engineers were only able to instal concrete plugs and start flooding the affected areas last week.

The shaft is expected to be flooded and the fire extinguished by Christmas, after which the water will have to be drained.

Management estimates a 20 per cent production loss from the mine which used to produce bullion worth about R2m ($910,000) daily from the richest seams in a major South African mine.

Child detainees, Page 4

# France raises interest rates as franc falls

Continued from Page 1

out yesterday, but senior bankers said it appeared unlikely since the money markets face no serious shortages of liquidity.

Officials yesterday indicated they were happy that the new monetary system had been shown to be capable of responding flexibly to pressures, and said that the seven-day rate could be brought down again quickly.

The Paris stock market was caught up last week in its enthusiasm over the successful flotation of St-Gobain, the first in Mr Chirac's privatisation programme. Yesterday, however, prices fell in response to the heightened tension between the Government and the students.

Bond prices were hit by the rise in interest rates, while oil companies were among the most heavily sold shares on the Paris bourse. The CAC générale index closed down 4.9 points at 403.

# Saudis to demand fixed oil price

Continued from Page 1

force since October 1984 would require an increase in the ceiling of about 17m b/d (Iraq would continue to be exempted from the deal).

Despite King Fahd, nearly everyone at the ministerial conference knows that any increase in the production ceiling must force the price down.

Nevertheless the meeting is expected to last until at least December 20 and the possibility of a postponement for Christmas is not ruled out.

## THE LEX COLUMN

# Gasholders over the Ocean

There is an unmistakeable hiss of leaking gas, but preliminary surveys do not show exactly where the reek is coming from. In the wake of the British Telecom debacle, when the shares placed in the US hurtled back across the Atlantic at fibre optic speed, the Government issued dire warnings to its US advisers of what might happen should the same rapid denouement occur in gas. Yet yesterday's trading suggests that not everyone was listening.

In London 800m shares, worth about £500m at the closing price of 62.5p, changed hands. It is easy enough to see where the buyers came from: it was not only the knee-jerk index funds which would have found themselves intolerably underweight in a stock which represents over 2 per cent of the All-Share.

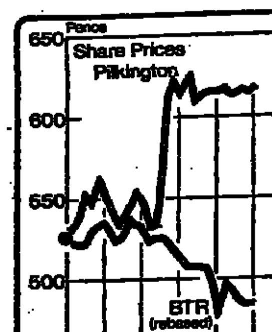
But who were the sellers? The majority probably came from sub-underwriters prepared not to mind the weighting but feel the profit. Some selling must have come from Sid Public, but that must have been severely limited by the fact that he will not get documentary proof of his shares for over a week.

Yet in New York half the shares made available to that market were turned over by lunchtime. It is difficult to believe that there exists within America so liquid a market in a brand new foreign stock as to accommodate such a reallocation.

Not that the Government should really complain if some shares have taken the Atlantic shuttle "the wrong way." The idea of selling the shares overseas was to create sufficient scarcity in the home market as to ensure a reasonable price for the vendor. And that was achieved.

Even so, because of the highly-geared nature of a partly-paid offering, the British public was confronted with a first-day capital gain of 25 per cent. N. M. Rothschild had probably thought that the voucher-assisted first year running yield for the small shareholder of 22 per cent would limit the stagging to the professionals.

Less specialised investors should probably resist the temptation to cash in quickly. The capital gain may be available for some while; but for quick sellers the vouchers are lost forever.




## Pilkington

Timing and image are two forces that the successful corporate raider must have on his side. In the case of BTR's assault on Pilkington, both seem to have deserted to the defending side. Long before Pilkington's figures showed a trebling of earnings per share in the six months to September, the City of London had satisfied itself that a tightening European glass market was worth a run in the shares. The fact that Pilkington's share price had roughly doubled in the year before BTR hove into view raises the question who was anticipating whom.

In a business of very high capital intensity, cost reductions and revenue increases alike can come through to profit with a savage rush. Pilkington has been hacking away at cost in the UK glass and fibre businesses for years, as the perennial above-the-line redundancy charges bore witness. The tailing off of these charges (still there in the shape of pension make-up payments, two to three years after the demanning took place) is beginning to have a tangible effect on pre-tax profits.

On the other side of the balance, increased utilisation rates throughout Europe, and hefty price increases that seem to be sticking well, are bumping up revenues. In a full year, more hawkish pricing in flat glass might be worth £60m to the UK company; and the construction statistics suggest that this happy state of the market might persist for another 18 months at least. It appears that the four majors have settled down to a comfortable period of joint revenue maximisation.

The limiting factor on this joyride is the investment in new capacity for which Pilkington, and no doubt other far-sighted glassmakers, are even now gearing up. But earnings have already been transformed, an upsurge accentuated by the regression to historic cost accounting. Without the incubus of non tax-relieved extra depreciation, and relieved of non-offsettable redundancy charges, the picture is bound to be seen in a very much sharper light.

Add on the re-jigging of Pilkington's investment in the US autoglass industry – now structured as a subsidiary – and the image has been improved out of all recognition. The upshot is that BTR's rescue bid is aimed at rescuing shareholders from the shadow of a predicament that no longer exists. And if price is the final word in the argument, BTR has left itself a lot to say.

## Valuedale

The Valuedale management buy-in of Simon Engineering has not been on the table for long, but already it is clear that some modifications to the novel plan may be in order. Simon's defence document draws attention to the ability of the would-be new management to pass on their proposed 38 per cent stake to a third party, should they be unable to generate the capital gains necessary to trigger the lucrative conversion of their deferred shares.

As for that conversion, it is true that Mr Philip Ling and friends will make remarkable personal gains if they improve the performance of the Simon shares. But those gains are pretty small when divided by the entire share register. Not so small is the gain offered to the institutional backers. Assuming conversion of their deferred shares, they stand to make a 50-fold return on the £1m subscribed. It is not difficult therefore to see how Valuedale could increase its bid by, say, £25m, while still giving its backers the prospect of a tremendous return on risk capital.

One of the delights of the buy-in is that the usual takeover arguments are turned on their heads. Simon attacks the notional Valuedale share price of 100p. But it dares not supply its own valuation of that stock, since if it argues for a lower value – on what amounts to one share in Simon less 180p cash – it will implicitly be admitting that Simon is worth less than Valuedale believes.

SECTION II – COMPANIES AND MARKETS
# FINANCIAL TIMES
Tuesday December 9 1986



## Carter Hawley acts to thwart $1.9bn offer

BY WILLIAM HALL IN NEW YORK

CARTER HAWLEY HALE, the embattled west coast retailing chain, yesterday rejected a sweetened $1.9bn offer from The Limited, its smaller but more aggressive rival, and announced plans to spin off to shareholders its prized specialty-store operations which include such famous names as Neiman-Marcus and Bergdorf Goodman.

Retail Partners, a company formed by The Limited and the Edward J. DeBartolo Corporation, yesterday disclosed that it had offered to increase its bid from $55 a share to $60. Within hours of the announcement, Carter Hawley Hale rebuffed the offer and announced a major restructuring of the company which had the backing of General Cinema, which controls 38.6 per cent of its stock.

Under the restructuring plan, each public shareholder of CHH common stock – including participants in the company's employee stock plans – will receive $17 in cash and a share of common stock in the speciality-store company, which includes Contempo Casuals, as well as Neiman-Marcus and Bergdorf Goodman.

Shareholders will continue to own their Carter Hawley Hale common shares and the company will continue to own and operate the group's department store divisions

General Cinema, which was recruited as a major shareholder by Carter Hawley Hale to defeat a takeover bid by The Limited two and a half years ago, now appears poised to increase its control over a much slimmer CHH.

General Cinema has entered into a revised standstill agreement and will be free to purchase additional shares of Carter Hawley Hale common stock in the open market up to a maximum of 50.1 per cent of CHH stock.

General Cinema, which is the largest independent Pepsi Cola bottler in the US and operates the biggest chain of movie theatres, owns approximately 38 per cent of Carter Hawley Hale by virtue of its ownership of 1m shares of CHH cumulative convertible preferred stock which was issued during The Limited's earlier unsuccesful takeover bid.

General Cinema says that subject to market conditions and the limitations contained in the revised standstill agreement, it intends to purchase shares of Carter Hawley common stock "in such amounts as it believes necessary to protect General Cinema's interests as a Carter Hawley stockholder."

## Daimler in link with KHD

DAIMLER-BENZ, the West German motor and industrial group, and Klöckner-Humboldt-Deutz (KHD), the machinery group, have agreed to combine their troubled tractor operations.

A new company is to be set up in Cologne which will be 60 per cent owned by KHD and 40 per cent by Daimler. It will work on the development of a new range of agricultural machinery for the 1990s.

The venture is intended to boost Daimler's sales of farm equipment outside Germany through KHD's technical knowledge for future models. Tractors account for a tiny part of Daimler's sales, while KHD is a full-time maker of agricultural machinery.

## Shearson to raise stake in dealer

By Bernard Simon in Toronto

SHEARSON LEHMAN, the US securities firm, is to raise its interest in the Toronto-based investment dealer McLeod Young Weir from 10 per cent to 30 per cent in the first of what is expected to be a spate of foreign investments in the Canadian securities industry.

Shearson will pay C$60m (US$43.5m) for its additional shareholding, thus raising MYW's capital to around C$135m and making it one of the largest Canadian securities dealers.

MYW, which has gained a reputation in the past year or two as one of the most innovative and aggressive Canadian securities firms, has 1,800 employees in 43 branches in Canada as well as offices in New York, London, Zurich and Tokyo. It has paid particular attention recently to expanding its international operations, notably in Euromarket financing.

The new investment, details of which were to be announced late yesterday afternoon has been made possible by Ontario Government plans to lift all ownership curbs on Toronto-based securities dealers by 1988. Foreign shareholders will be allowed to take a 50 per cent interest in existing firms from mid-1987. Foreign securities dealers will also be able to set up wholly-owned subsidiaries.

A senior Shearson official said yesterday that the New York firm's interest in MYW may be raised in the future, depending on how the relationship develops. He said that the two firms would examine numerous areas of co-operation, including trading and back-office administration.

Most of Canada's six major banks are also expected to enter the securities business during 1987 either through acquisition or the establishment of new subsidiaries. But their involvement depends on the co-operation of the federal government

**Anatole Kaletsky** looks at a Wall Street group's step back to 'respectability'

## Transamerica to spin off Delaval

TRANSAMERICA Corporation, the sprawling insurance-based conglomerate which has been ridiculed on Wall Street for having a headquarters building – the beautiful 65-story pyramid which dominates the San Francisco Bay skyline – that is more famous than any of its businesses, yesterday took its final step back to stockmarket respectability in an age when diversification has gone out of style.

Transamerica announced that it is spinning off its manufacturing operations to shareholders as a newly constituted company, Imo Delaval – a move which will complete the process of "focusing" the company which began with the sale of the United Artists film studios to MGM in 1981.

Following the disposal, Transamerica will become a pure financial business, taking in a major life and health insurance company, Occidental Life, a $1.2bn property and casualty insurer, Transamerica Financial Corporation and a 39 per cent stake in the London-based Sedgwick Group, the third largest insurance broking group in the world.

Imo Delaval, which was previously called Transamerica Delaval, is a manufacturer of pumps, instruments and controls for the energy, maritime and aerospace industries with 4,000 employees and 27 plants in the US, Canada, the Netherlands and Germany. The oil industry has been among Transamerica's major markets therefore its manufacturing business has suffered a sharp decline in profits – from $34m in 1981 to $8m in 1985. Consequently, it was considered more suitable for a spinoff to shareholders rather than a sale.

The Delaval spinoff, which will take the form of an issue of one Delaval share for every 10 in Transamerica, follows the sale earlier this year of Budget Rent-a-Car for $205m to a private investor group and the disposal of Transamerica Airlines' fleet of 24 aircraft. So far nine aircraft have been sold.

All these assets have been sold at well over book value and Transamerica's net profits in the third quarter this year rose almost six-fold to a record level of $105.1m on sales of $1.6bn, largely as a result of the cyclical improvement in property and casualty underwriting results.

But whereas Wall Street analysts concede that Transamerica has become a less "confusing" company, they have not yet been convinced by its "deconglomeration." The health and life businesses which are to be among the company's core activities have been performing poorly. After yesterday's announcement of the Delaval spinoff the shares fell $⅝ to $35⅛, compared with a peak of $40 when the divestiture of Budget and the airline operations were announced earlier

● Allied-Signal, the diversified engineering and electronics company which was formed last year by the agreed merger of two large industrial conglomerates, has put up for sale the seven businesses which compose its electronics and instrumentation group.

The companies involved are Ampex Corporation, Amphenol Products, The Linotype Group, Neptune International, Revere Corporation and Sigma Corporation.

## ITT seeks streamlining of Spanish manufacturing units

BY DAVID WHITE IN MADRID

COMPAGNIE Générale d'Electricité (CGE) of France and ITT of the US are understood to be seeking a public sector takeover of Marconi Espanola, ITT's Spanish electronics subsidiary.

The takeover is part of proposals aimed at streamlining ITT's loss-making Spanish manufacturing operations in advance of the launch of the European telecommunications joint venture planned by CGE and ITT.

The proposals also include the offer of a Pta 12.7bn ($94m) capital injection for the main ITT subsidiary Standard Electrica and initiatives for new job creation, in exchange for government aid to cover about 5,800 redundancies at Standard over the next five years.

Participation by Spain's semi-state owned Telefonica group in the CGE-ITT joint venture depends on a satisfactory settlement of the future of the ITT units, in which the Spanish telephone monopoly is a minority shareholder.

Plans submitted to the Spanish authorities for both companies are believed to suggest a joint venture with a Spanish state partner, under majority Spanish control, as the only viable long-term option for Marconi.

This would be the next step after a restructuring programme involving the loss of 1,000 more jobs – leaving only about 700 – and a Pta 58bn capital increase. Marconi, which had 1985 sales of Pta 9.6bn, has accumulated more than Pta 15 bn in losses over the last 10 years.

Earlier this year, its activities in motor components, consumer products and signals were hived off to joint ventures controlled by other ITT subsidiaries in Europe, but no partner could be found for its defence side.

CGE and ITT argue that this falls outside the main areas of activity of their new venture and they are not prepared to continue putting in new capital to keep Marconi going.

Their proposals for Standard Electrica, Spain's main supplier of telecommunications equipment, call for an extension of the so-called job promotion fund which the Spanish government has used for the last four years to cushion the impact of labour cuts in problem industries such as steel and shipbuilding, CGE and ITT are believed to oppose a plan based partly on early retirement, on grounds of cost.

The state assistance being sought is estimated by industry experts at more than Pta 20 bn. The company plan, after labour reduction measures already in course, would bring Standard's workforce down to under 7,000 at the end of the five-year plan. The Government wants only about half the number of redundancies, or around 3,000.

## USAir in $400m acquisition

By James Buchan in New York

USAIR, the former Allegheny Airlines that operates primarily out of Pittsburgh and Philadelphia, yesterday announced an agreement to buy Pacific Southwest Airlines (PSA), the San Diego-based carrier which dominates passenger traffic between Los Angeles and San Francisco.

The agreed offer, at $17 a share or about $400m, would convert two short-haul carriers into one of the top half-dozen cross-country airlines in terms of passengers.

PSA, while showing impressive volume on its main route, has been hit by vicious fare wars and the interest cost of taking on one of the youngest fleets in the industry. In the first nine months of this year, operating income for the airline fell from $40.1m to $29m, while net income at the parent group was transformed from a $16.4m profit to a $9m loss.

## Bank of America sheds more assets

By Our New York Staff

BANK OF AMERICA, the large West Coast banking group, yesterday announced that it was selling its consumer trust business to Wells Fargo, another San Francisco-based bank, for $100m. The move continues the bank's bid to bolster its weak capital ratios by shedding assets.

The book value of the business is $2m and the sale is expected to be completed in the first quarter of 1987. Last week the group announced the $603m sale of its profitable Italian banking subsidiary to Deutsche Bank which will result in a gain of more than $250m in the final quarter, helping to offset a nine-month net loss of $600m.

Bank of America's consumer trust, investment and custody services include the administration of $11.1bn of customer assets and 12,400 individual accounts. It currently generates $51m in annual fee revenues. Wells Fargo's own personal trust services consist of $17.7bn in customer assets and 14,000 accounts, generating $66m in annual fee income.

Mr Carl Reichardt, Wells Fargo's chief executive, says that Bank of America's consumer trust business has substantial strength throughout the state, particularly in southern California, where this acquisition will be "highly complementary" to Wells Fargo's own trust and investment activities.

After the acquisition Wells Fargo says that its private banking group will be the largest institutional supplier of individual fiduciary services in California and one of the largest personal trust institutions in the country.

Mr A. W. Clausen, Bank of America's chief executive, says that the sale of its consumer trust business is in line with the bank's stated strategy of focusing resources on its core businesses

# INTERNATIONAL COMPANIES and FINANCE





## W. German metals group sees upturn

By Our Financial Staff

METALLGESELLSCHAFT, the West German metals, trading and transport group, expects net profit for the year ended September 1986 to be slightly higher than the DM 61.4m ($30.6m) earned in 1984-85.

Mr Dietrich Natus, the management board chairman said the first two months of this year were satisfactory. He said the remainder of the year would depend on the dollar, and metal prices.

The fall in the dollar and metal prices lowered group turnover last year, Mr Natus said. Both factors reduced revenues to domestic smelters and trading divisions, in turn lowering domestic sales by 13 per cent to DM 9.7bn. Group turnover fell to DM 14.6bn from DM 14.8bn.

Investment volume this year will rise to DM 660m from DM 490m in 1985-86. Most of the DM 200m set aside for acquisitions is ear-marked for the Canadian mining concern Cominco, in which Metallgesellschaft acquired a stake in October.

Earnings were little affected by the crash of the tin market. The company expected to recover all its tin-related losses from the International Tin Council.

*Metallgesellschaft was willing to* buy a bigger stake in Mount Isa Mines Holding (MIM), in which it now has slightly more than 1 per cent. MIM also has 1.3 per cent of the Metallgesellschaft, alongside 5 per cent held by Australian Mutual Provident Society insurance group.

Besides its present agreement to source copper concentrate through MIM, Metallgesellschaft planned to secure zinc and lead concentrate from Cominco's Red Dog mine in Alaska, Mr Natus said.

## Swedish banks plan financial link

BY SARA WEBB IN STOCKHOLM

A GROUP of Swedish banking and financial concerns is preparing to launch a new financial holding company with interests in commercial and investment banking, financing, and fund management. The group includes Götabanken, the country's fourth largest commercial bank.

The new holding company would have assets of SKR 65bn to SKr 70bn ($9.2bn to $10.1bn), equity of SKr 4bn to SKr 5bn, and earnings of SKr 1bn to SKr 1.5bn. By comparison, Skandinaviska Enskilda Banken, Sweden's leading commercial bank, has total assets of SKr 174.9bn.

Trading in the shares of four banking and financial concerns was suspended yesterday.

The companies include: Götabanken, Wermlandsbanken, a regional bank which ranks sixth overall, Proventus, the investment company which controls 46 per cent of Götabanken and which is controlled by Swedish financier Mr Robert Weil and B & B Invest, an investment company controlled by the Bonnier family, which has substantial interests in Swedish publishing. B & B Invest controls 53 per cent of the shares in Wermlandsbanken.

Trading in the shares will be suspended until December 14 while discussions between the various partners take place.

The plan is to set up a new holding company with Proventus controlling about 40 per cent of the shares.

Another 25 per cent would be controlled by several large institutions, including Wasa, a newly formed insurance conglomerate which holds a 5 per cent stake in Götabanken, and possibly two of the pension funds. SPP, the private pension fund for white-collar workers, controls 5 per cent of Götabanken.

The remaining shares in the holding company would be offered in exchange for Götabanken shares. Mr Gabriel Urwitz, managing director of Proventus, said that there would be a new share issue, but would not disclose details.

The new holding company would control five or six separate companies responsible for commercial banking, investment banking, fund management, financing, raising mortgages, and stockbroking.

The holding company will bid for the remaining shares in Götabanken and, according to Mr Urwitz, "will probably" bid for 100 per cent of Wermlandsbanken.

Wermlandsbanken is a regional bank with SKr 11bn in assets, and about 60 branches, mostly in western Sweden. There is very little overlap in the branch networks of Wermlandsbanken and Götabanken. Proventus sees Wermlandsbanken as "a well-managed bank" which could "share development and administration costs" with Götabanken.

Both Wermlandsbanken and Götabanken have stockbroking arms. Proventus recently acquired Jacobson & Ponsbach, one of the larger stockbrokers, for around SKr 400m, and has agreed to buy 40 per cent of the shares in B&B Invest, the investment company which owns two separate brokers

## Sandoz pollution claims estimated

By William Dullforce in Geneva

SANDOZ, the Swiss chemicals group, will not be seriously hurt financially by claims for damages following the warehouse fire on November 1 which polluted the Rhine, the Zurich-based Bank Vontobel says.

The medium-term earnings outlook is not materially endangered, said Mr Claudio Werder, the bank's analyst in the first published estimate of the effect of the Basle accident.

Bank Vontobel does not expect claims for damages to reach the SFr 400m ($242m) estimate of Sandoz's insurance cover. The company itself has put the cover at between SFr 100m and SFr 500m.

No human deaths or major casualties resulted from the fire at Sandoz's Schweizerhalle warehouse, a radical difference from the Seveso and Bhopal disasters with which it has been compared, Bank Vontobel says.

Severe damage to the Rhine's ecosystem was caused by the toxic chemicals which swept downriver but, judging by information to date, the chemicals have not penetrated groundwater reservoirs along the river.

Damages will thus consist mainly of charges for monitoring the toxicity of the river water, the costs of providing alternative drinking water for some areas and funding the proposed clean-up of the Rhine, Bank Vontobel argues.

Loss of the warehouse and the chemicals stored there is put at SFr 20m with no more than an extra SFr 10m needed for cleaning the warehouse site. This can be claimed from insurers, Bank Vontobel says.

It will take years before a final figure can be put on the damage, according to Bank Vontobel. It says Sandoz may decide to pay damages beyond its legal liability in order to restore its tarnished image. Investment in plant and equipment will be pushed up in the near term by its enhanced environmental protection programme.

But Bank Vontobel maintains that its original conservative estimates for Sandoz's 1986 and 1987 earnings are still realistic. In October it predicted consolidated net profits of SFr 740m for 1986 and SFr 850m for 1987, compared with the SFr 654m achieved last year on a SFr 8.5bn turnover.

These earnings estimates are based on rule 52 of the US Financial Accounting Standards Board, under which losses from currency translations of foreign subsidiaries' share capital are charged directly to the consolidated equity, not to the profit and loss account. Bank Vontobel calculates the consolidated 1985 net profit at SFr 654m compared with the SFr 529 reported by Sandoz.

Bank Vontobel says it is unclear to what extent Sandoz will charge the profit and loss account with further allocations to its already substantial reserves for damages resulting from the fire. As previously expected, part of its centenary bonus could be built into the shareholders' dividend.

## Placid Oil unit in deal on N. Sea gas search

THE HUNT Brothers and lenders to their company, Placid Oil, which has filed for creditor protection, have reached an agreement that allows a Placid unit to continue natural gas exploration and production in the Dutch North Sea, AP-DJ reports from Dallas, Texas.

The unit, Placid International Oil, *was not part of Placid's filing under* Chapter 11 of the US Federal Bankruptcy code.

In the agreement, approved by US bankruptcy judge Harold Abramson, the bank agreed not to try to seize any of the unit's assets for at least six years. A spokesman said the Hunts had been notified by the Dutch Government that it needed assurances by early on Friday that the unit would not be affected by Placid Oil's Chapter 11 filing. In August, Placid Oil, another Placid unit and William Herbert Hunt's Trust all filed under Chapter 11.

Without agreement, the spokesman said, the Hunts feared the Dutch Government might suspend or withdraw Placid International's license to drill in the North Sea. As part of the agreement, Placid International *agreed to pay the lenders* $300m to $340m over the next six years.

Attorneys for both the banks and the Hunts said that the payments did not affect the lawsuit between the Hunts and their banks, in which the Hunts have asked for $13.8bn, accusing the banks of breach of contract and US banking law violations, among other things.

The banks denied the charges, and are demanding that the Hunts pay back as much as $1.5bn in loans

## Malaysian cars to be exported to US

BY KENNETH GOODING IN LONDON

PROTON, the Malaysian state-owned cars group which began production only a year ago, has signed a deal to export most of its output to the US.

The importer is Bricklin Industries, a privately-owned company which says it can sell 80,000 to 100,000 cars a year in the US. This would take up most of the capacity of the automated Proton factory, 30 miles from Kuala Lumpur.

Bricklin, headed by Mr Malcolm Bricklin, who in the 1970s launched Japanese Subaru cars in the US, began selling Yugoslavian Yugo cars in the US just over a year ago at prices from below $5,000.

The Malaysian cars will be aimed at similar markets and priced between $5,000 and $8,000 when they go on sale in 1988.

Proton is 70 per cent owned by the Government-owned Heavy Industries Corporation of Malaysia and the remainder of the equity is held by Mitsubishi of Japan.

The cars to be exported to the US will be based on the front-wheel drive Mitsubishi Lancer and restyled by International Automotive Design of the UK.

## Jamaica Bank issue 'success'

BY CANUTE JAMES IN KINGSTON

THE FIRST stage of the Jamaican Goverament's two-phase divestment of the state-owned National Commercial Bank, the island's largest, has been oversubscribed by 175 per cent, according to Mr Edward Seaga, the Prime Minister and Finance Minister.

The offering, described by brokers as the biggest on the island's stock exchange, involved the sale of 51 per cent of the NCB's 60m shares for J$90m ($16.3m). The remaining shares will be offered in the middle of next year.

The sale is part of a plan by Mr Seaga's administration to divest state enterprises, and he has promised to offer more goverament companies for sale early next year.

"The NCB offer has been a spectacular success and marks a milestone in the Goverament's privitisation plan," Mr Seaga said.

Officials said preference would be given to small investors

# INTERNATIONAL COMPANIES and FINANCE

## Mitsubishi Chemical drops aluminium

BY IAN RODGER IN TOKYO

MITSUBISHI CHEMICAL is closing its Sakaide aluminium smelter and withdrawing from the aluminium smelting business in Japan. The move comes only two weeks after Mitsui Aluminium announced a similar decision.

As of next March, when both companies will have withdrawn, there will be only one aluminium smelter left in Japan, a 50,000-tonne a year plant owned by Nippon Light Metal.

The industry has suffered a rapid rundown since the mid-1970s when it was producing 1.6m tonnes a year. Most smelters became uncompetitive because of the high cost of electricity in Japan. The rapid rise in the value of the yen in the past year added to the problems of the few survivors.

Mitsubishi Chemical said it would relocate the 160 workers at its smelter, which has been producing 20,000 tonnes a year, at other group plants.

Nippon Light Metal, which is 50 per cent owned by Alcan, the Canadian group, appeared to be well placed because its smelter has its own hydroelectric generating system. However, this year it has had to operate at a much reduced rate because of a drought.

## Net profits plunge 57% at Japanese electrical group

BY YOKO SHIBATA IN TOKYO

MITSUBISHI ELECTRIC has reported a decline of 57 per cent in consolidated net profits to Y7.9bn ($48.6m) in the first half-year to September.

The company said the steep upsurge of the yen against the dollar eroded profits by Y34bn. Earnings before extraordinary items and taxes plunged by 54 per cent to Y40.58bn. The consolidated result covered 148 affiliates and subsidiaries and the parent company.

Consolidated sales were down 1 per cent to Y1,001bn. The fall was attributed to lower prices, mainly in consumer electronics, combined with the strong yen and slow spending on plant and equipment by private companies.

Sales of consumer products fell by 2 per cent to Y293.2bn. The information and communication systems and electronic devices division increased sales by 3 per cent to Y282.2bn, while the heavy machinery group and industrial products and automotive equipment division showed a decline in sales of 2 per cent toY252.7bn and Y193.3bn respectively.

Full-year net profits are projected at Y13bn, down 57 per cent, on turnover 1 per cent down at Y2.09bn.

## Tanabe Seiyaku ahead

BY OUR TOKYO STAFF

TANABE SEIYAKU, the Japanese drugs group, posted pre-tax profits of Y8.75bn ($53.8m) for the half-year to October 1986, a rise of 45.8 per cent compared with the comparable year-ago period.

The buoyant performance was attributed to lower production costs following increased mass production and an improvement in the balance of financial items. Another contributory factor was a higher ratio of in-house developed products to overall sales.

Interim turnover was 7.6 per cent higher at Y80.52bn owing to brisk sales of ethical drugs.

For the full year to April 1987, pre-tax profits are projected to reach a record Y15bn, up 34.6 per cent. Net profits are expected to rise by 19 per cent to Y5bn, on a record turnover of Y158bn, up 7 per cent.

## C. H. Tung shareholders approve capital plan

By Our Financial Staff

SHAREHOLDERS of C. H. Tung, the financially hard-pressed Hong Kong ship owning group, and of its main subsidiaries yesterday agreed to the terms of sweeping proposals to restructure the group's capital and reschedule its debts.

Hambro Pacific, the company's financial adviser, said that there had been no dissent among 50 shareholders present at a meeting of Orient Overseas (Holdings), the main publicly-quoted Tung group company, when resolutions were approved that will reduce the value of their holdings by an estimated 95 per cent in the process of rescheduling the group's US$2.6bn debts. Some 4,000 more holders of the group's securities voted by proxy, according to Hambro Pacific.

With the shareholders' vote out of the way, the next step in the company's painful road back to financial recovery will be the formal approval of the Hong Kong courts for its restructuring proposals. Hambro Pacific said yesterday that this was likely to be granted on December 18.

This would leave one remaining serious obstacle to the proposed long-term restructuring—the opposition of Toyo Menka, the Japanese rading company, which has an outstanding order for nine ships from the Tung group and which has up to now turned down the restructuring proposals as inadequate.

The restructuring scheme agreed yesterday by shareholders received the formal endorsement of the group's creditors (other than Toyo Menka) a month ago. On completion, the proposals would convert some US$580m of debt into notes, ordinary shares and preferred shares with a further US$920m remaining as senior debt.

The private companies in the Tung group, owing a further US$1.3bn, are also involved in the same process.

## Bond details structure of HK company

By Kevin Hamlin in Hong Kong

BOND CORPORATION, the Australian brewing, property and industrial group, has detailed the structure of its subsidiary company to be publically listed in Hong Kong. The move follows Bond's purchase in October of Hongkong Land's residential property interests for HK$1.42bn (US$182.5m).

Bond will issue 116m new shares at HK$1.18 each, with one warrant for every two shares. Bond will subscribe to an additional 180m shares, also with warrants. Net proceeds are estimated at HK$337.3m and Bond will hold a 66 per cent stake

## Lonrho transfers control of African mining interests

BY JIM JONES IN JOHANNESBURG

FEARS THAT the Zimbabwean and Zambian Governments will restrict dividend payments to South Africa have prompted Lonrho to rearrange the control of its mining interests in the two front-line states. The intention is to avoid a possible disruption of Zimbabwean and Zambian dividends to Lonrho's South African companies and to redirect the flows via Britain.

The exercise is largely academic as the Zimbabwean Government has blocked the payment of all dividends to non-resident shareholders. Dividends which are declared to non-resident shareholders have to be invested in six-year, 4 per cent Zimbabwean government bonds, similar restraints apply in Zambia, but Lonrho's operating companies in that country have not disclosed dividends for several years.

Coronation Syndicate, Lonrho's indirectly controlled South African subsidiary, proposes to transfer Corsyn Consolidated Mines, its wholly-owned Zimbabwean gold mining subsidiary, and its 25 per cent interest in Northern Minerals, its Zambian associated mining company, to Willoughby's Consolidated, which is incorporated in the UK. In return Willoughby's will issue Coronation with 800,000 newly-created linked units, each of which consists of three Willoughby's stock units of 50p each and 11 participating preference shares of 1p each.

Coronation intends passing the Willoughby's linked units it receives directly to its shareholders in the proportion of one linked unit for every 10 Coronation ordinary shares held.

Tweefontein United Collieries, which owns 3.73m Coronation, shares equivalent to 62.4 per cent of Coronation's issued capital, will also pass on the Willoughby's linked units to its shareholders. They will receive 21.5 linked units for every 100 Tweefontein shares they hold. In effect Coronation and Tweefontein will be reducing their capitals.

Coronation and Tweefontein shareholders can choose to renounce their linked unit allocations in favour of a new company which has still to be formed and will receive 10 shares in this company for every linked unit they renounce.

At present Willoughby's principal interests are in cattle ranching in Zimbabwe. It also owns 46.42 per cent of Northcart Investments, a quoted Zimbabwean investment holding company which, in turn, has a 30 per cent holding in Northern Minerals.

## Pacific Dunlop to link tyre operations with Goodyear

GOODYEAR Tire and Rubber of the US and Pacific Dunlop of Australia are to merge their tyre manufacturing, marketing and retail operations in Australia, New Zealand and Papua New Guinea in a 50/50 joint venture company with assets of A$400m (US$261m), Reuter reports from Melbourne.

The companies will invest A$200m in new facilities in the next five years to make Australia an internationally competitive tyre producer, the companies said in a joint statement.

The venture is expected to come into effect in early 1987 after government approvals are received.

Almost half of the proposed spending will be on steel radial truck tyre capacity. The resulting daily production capacity is projected at 20,000 steel radial passenger tyres and over 4,000 steel radial light truck and truck tyres by 1991.

● The Australian Cabinet has decided not to seek to intervene in the proposed A$1.8bn (US$1.21bn) takeover bid by Mr Rupert Murdoch's News Corporation for Herald and Weekly Times, Reuter reports from Canberra.

Cabinet discussion followed yesterday's call for a probe into the offer by Mr Bill Hayden, the Foreign Affairs Minister.

## UIC buys into Singapore Soviet Shipping

By Joyce Quek in Singapore

UNITED INDUSTRIAL Corporation (UIC), the Singapore-based chemicals, property and investment group, has paid S$3m (US$1.38m) for 50 per cent of Singapore Soviet Shipping Company (Sinsov). The consideration, at "distress sale" prices from a company in receivership, amounts to a discount from the S$5m book value.

Sinsov employs 120 in a monopoly as a general agent to Soviet shipowners. It regulates shipping and forwarding activities between Soviet trade organisations and their foreign partners.

# INTERNATIONAL CAPITAL MARKETS and COMPANIES

## French Buitoni to raise FFr 445m

BY PAUL BETTS IN PARIS

BUITONI SA, the French subsidiary of the Italian foods group controlled by Mr Carlo De Benedetti, is raising FFr 445m ($68m) through a new international equity issue to finance the company's development and future acquisitions.

The French subsidiary of Buitoni recently absorbed Buitoni's UK and Dutch interests to form a big new French-based foods group with annual sales expected to total FFr 4.4bn this year and net profits of about FFr 80m.

The capital increase involves an issue of 840,000 new shares to be placed in the UK and Switzerland as well as in France. The shares are being offered at FFr 530, compared with *yesterday's* closing price of FFr 555 and recent levels of around FFr 580 a share on the French unlisted securities market, or *second marché*. They represent just over a quarter of the company.

The French company was introduced on the French unlisted securities market earlier this year with the shares offered at FFr 340. However, in line with the general upward trend of the French bourse, the Buitoni shares have steadily increased since then.

The placing of the new shares will be led by S. G. Warburg Securities with Banque Nationale de Paris and Credit Agricole, itself a shareholder of Buitoni SA with a 10 per cent stake at present in the French subsidiary.

Buitoni and Mr De Benedetti control 72 per cent of the shares of the French subsidiary with 18 per cent in the market and 10 per cent with Credit Agricole. In line with his traditional financial strategy, Mr De Benedetti is gradually seeking to reduce the Italian stake in the French subsidiary to around 51 per cent. The new equity issue is part of that process.

Mr Jean-Pierre David, the new chairman of Buitoni SA, says that the equity raising operation will help support the new French-based Buitoni food concern's expansion plans, including acquisitions in France and possibly in other European countries.

Mr David is the former owner and founder of Davigel, a leading French distributor of frozen foods with sales last year of about FFr 1.34bn. Buitoni earlier this year acquired 70 per cent of Davigel for FFr 340m as part of Mr De Benedetti's efforts to expand his presence on the French market. Indeed, Mr De Benedetti, after failing in his efforts to gain control of the Italian SME food group, has chosen France to develop his European food businesses.

The French-based operations *now being headed by Mr David* include Davigel, Buitoni's other French food operations, the UK Princes-Buitoni subsidiary, and Buitoni's smaller activities in the Netherlands. France accounts for 59 per cent of the new French-based Buitoni concern's overall sales of FFr 4.4bn while the UK accounts for 37 per cent. The Netherlands and exports account for the remaining 4 per cent.

Mr David says the new group he is heading will be involved in both trading and industrial activities. Indeed, Mr David has had close associations for considerable years with Sucres et Denrees, the international commodity trader and food industries group which continues to own 15 per cent of Davigel.

The reorganised French Buitoni company sees growing acquisition opportunities in France among family held or medium-sized food groups. The food sector is now at the centre of increasing takeover activity in France.

Apart from the food sector, Mr De Benedetti has invested *in France in the luxury products* and perfume business by taking a 25 per cent stake in Yves St Laurent (and helping the French fashion house acquire for US$630m Charles of the Ritz) as well as in the car components industry by gaining management control of Valeo.

## Morgan Grenfell acquisition

MORGAN GRENFELL (ASIA), the wholly owned subsidiary of the London merchant bank of the same name, has applied to the Stock Exchange of Singapore for approval of its purchase of a stake in Su F-Min, a Singapore broker,

Under the planned purchase, the firm would be left as a holding company and a new company would be set up in which Morgan Grenfell would hold a 49 per cent stake, while 46 per cent would be held by Su F-Min, and the remaining 5 per cent by Ng Soon Peng. Morgan Grenfell's non-executive chairman, who was chairman of the Exchange from 1973 to 1983. The new company, which is tentatively named Morgan Grenfell (Singapore) Securities, would buy Su F-Min's stock exchange seat for S$3.7m

The company would have a paid-up capital of S$10m, compared to the present S$55m Stock Exchange net capital and minimum paid-up capital requirements were altered by the exchange at the instigation of the Monetary Authority of Singapore (MAS) in the wake of the collapse late last year of Pan Electric Industries

## Danish medium-term notes

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

DENMARK yesterday became the first sovereign borrower to arrange a medium-term note programme in the Euromarkets, marking an important step forward for the fledgling Euro-MTN market.

The ability to issue MTNs was incorporated in a $1bn Euro-commercial paper programme signed yesterday with five houses appointed as dealers: Citicorp, Merrill Lynch, Morgan Guaranty, Morgan Stanley International and Swiss Bank Corporation International.

Unlike some recently announced MTN programmes which have pre-set maturities and coupons, Denmark's provides for issues of any maturity and any interest rate structure. The paper will be listed on a stock exchange if investors require this, but the emphasis will be on placement rather than trading.

Denmark's willingness to issue MTNs was underlined by its recent arrangement of a $1bn two-year Eurobond—a rare maturity for the market. MTNs are generally issued in the US for between one and five years and this pattern is expected to be followed in the Euromarkets.

Denmark, which has a double A long-term debt rating and top short-term paper ratings, has been an active borrower in the Euromarkets in the past few months as concern has increased about its mounting current account deficit.

The Danish programmes are the first in the Euromarkets to employ an electronic system, developed by Citicorp, which links dealers wih the borrower and streamlines issuing and dealing of paper.

The Euro-MTN so far has only one programme with a substantial volume of outstandings—Pepsico's with some $150m—but a number of other corporates including Volvo and one supranational borrower, Nordic Investment Bank, have also announced programmes.

## THF sets up multi-option facility

TRUSTHOUSE FORTE, the UK hotel and catering group, has mandated National Westminster Bank to arrange a £250m multi-option facility to replace existing committed facilities.

The seven-year deal will entitle THF to receive funds at a maximum of 10 basis points over London interbank offered rates (Libor), with the borrower also shouldering the costs of mandatory liquid asset requirements for UK banks. It may also receive swingline advances and will have the option of an uncommitted facility with a tender panel.

The facility fee will be 6.25 basis points, with participation fees ranging up to six basis points for commitments of £25m, and a utilisation fee of 2.5 basis points if drawings exceed half the facility on a quarterly average basis.

Wm Morrison Supermarkets, a North of England retailer, is arranging a £70m five-year transferable multi option facility including a £40m committed standby, with Samuel Montagu as lead manager. The facility fee is 10 basis points and the maximum margin 15 basis points above Libor, with front-end fees ranging up to 5 basis points.



## Rush to launch convertibles in Tokyo

By Yoko Shibata in Tokyo

THE DIRECTION of Tokyo's volatile stock market may be unclear these days, but the convertible bond (CB) market is booming.

Toyota Motor was due to launch last night a record Y200bn CB issue, setting off an anticipated Y900bn new issue surge this month alone. For the 1986-87 fiscal year as a whole, the total value of new CB issues is expected to *reach Y3,500bn, double the* previous record set in 1984.

The attraction of CBs to issuers is simple. Coupon rates have plunged to between 1 and 2 per cent. However, these rates are also available on CBs issued in Switzerland, which have been highly popular among Japanese issuers for the past few years.

The key to the return to Tokyo is the rapidly improving liquidity of the local market. And that, in turn, is due to the frantic efforts by managers of investment trusts and Tokkin funds to buy into companies that they believe have the potential for big capital gains in the near future.

Daily turnover in CDs soared to a record Y7,238bn last August, a six-fold jump from a year earlier. Indeed, the speculative fever reached such a pitch at one point that the Tokyo Stock Exchange (TSE) imposed restrictions on trading in a new CB issue *by Daiwa House, the house-builder, the first time ever it* had had to intervene in CB trading. The Daiwa House issue was listed on November 20 but, in the absence of sell offers, no transaction was concluded until November 27.

The improved market conditions have enabled even relatively unknown companies, such as Futaba Denshi Kogyo, an electronics group, Uehara Shoji, an oil distributor in Kyoto City and Yamanaka, a medium-sized supermarket store in Nagoya City, to launch CBs. Futaba managed to raise £10bn, even though it was upgraded from the second section to the first section of the TSE only in April.

Inevitably, the CB issuers say their fund raising is intended for prudent projects, such as investment in plant and equipment. However, it is well known that most companies are cutting capital spending plans for next year because of sluggish economic conditions.

Instead, the proceeds are likely to be applied to the latest corporate sport in Japan, making money from money, or Zaitech. Toyota, for example, is raising Y200bn today despite the fact that it had net cash balances at the end of last May of about Y1,300bn.

So far, most companies have been highly successful in their Zaitech operations, helping them offset sharp declines in operating profits this year. About 49 per cent of some 790 companies listed on the first section of the Tokyo Stock Exchange scored net non-operating profits in the six months to September, according to a survey by the Wako Research Institute. Thus, the emphasis on Zaitech can be expected to increase in the second half.

The current rush of new CB issues is adding to an already heavy funding schedule in the Tokyo financial market. The government, for example, is scheduled to sell Y2,358bn worth of shares of Nippon Telegraph and Telephone (NTT), the telecommunications utility, with payment set for mid-January. The Government also has to fund its recent supplementary budget through the issue of Y1,000bn in construction bonds.

There are signs that the demands may have become too great. Sumitomo Corporation has dropped plans for a CB issue this month, fearing that the market was aleady swamped.

## Institutional buying steadies Indian SEs

INDIA'S big publicly owned financial institutions stepped in yesterday to put a brake on a slide in share prices on all three of the country's principal stock exchanges, Reuter reports from Bombay.

Large purchases by the institutions helped to stabilise prices on the Bombay, Calcutta and New Delhi exchanges, after heavy selling of stocks earlier in the day. Brokers said many investors had wanted to liquidate their positions in order to take up more attractive new issues.

Last week trading was suspended for a day in Calcutta and New Delhi in the face of a widespread collapse in share prices.

## Prices ease as investors show reluctance to buy

BY CLARE PEARSON

THE APPROACH of the holiday season began to affect the Eurobond market for the first time yesterday. Investors were reluctant to buy many more bonds before the year end and prices edged easier in many sectors.

New issuers generally found a slow response to their bonds in this unenthusiastic market, although a crop of deals in a variety of currencies was launched.

Bankers Trust International introduced a novel structure to the market with a $100m deal for its parent, Bankers Trust New York. Investors in the five-year bond, issued in the name of BT Holdings (Europe), may opt to receive a chosen portion of their income on given dates, which occur semi-annually, at predetermined intervals, or else they may choose to receive interest payments annually.

The advantage of the structure to the investor is that he can respond to unforeseen cash need or a changing interest rate environment. If, for instance, the investor feels in December 1988 that interest rates are rising, he may cash in all or some of his coupons to receive a rate of 6.70 per cent, and reinvest the sum in another, higher-yielding instrument.

The interest rate rises throughout the life of the bond to 8.31 per cent at the end of five years. Through swaps, the borrower achieves a cost of funds well below London interbank offered rate (Libor).

Bankers Trust International said the issue had been substantially placed by the end of yesterday.

Deutsche Bank Capital Markets led the only straight dollar deal of the day. This $75m deal was for KHD Dutch Finance, a financing vehicle for Kloeckner - Humboldt - Deutz (KHD), the West German diesel engines, agricultural machinery and industrial plant company. KHD also issued through Deutsche Bank a DM 150m bond, refinancing a previous issue.

The 8 per cent dollar bond, priced at 99½ and maturing in January 1994, traded slowly

**INTERNATIONAL BONDS**

yesterday as many investors are unfamiliar with the company. Its yield margin of 140 basis points over US Treasury bonds, however, opened up the opportunity for borrowers with appropriate credit lines to swap the issue into floating-rate funds.

Two deals surfaced in the Ecu sector yesterday, following Friday's successful 8 per cent 10-year issue for the European Coal and Steel Community. The Ecu sector has been depressed for some time but is now attracting some Japanese investors because of the firmness of the currency against the dollar and because of its relatively high coupon levels.

Some Swiss investors are also looking again at shorter-dated bonds in the Ecu sector. Swiss Bank Corporation International yesterday launched an Ecu 40m 7⅞ per cent five-year bond designed to attract Swiss retail demands: this was for Remy Finance, guaranteed by Remy et Associes, the subsidiary of Remy Martin.

Meanwhile, Banque Paribas Capital Markets sought to attract Far Eastern interest with an Ecu 75m 7⅞ per cent 10-year bond priced at 100¼, for the South Australian Government Financing Authority.

Both deals were quoted at prices representing discounts equivalent to or slightly greater than the level of their total fees yesterday.

Goldman Sachs issued a C$50m five-year 9 per cent deal for Kellogg Salada Canada, the Canadian subsidiary of Kellogg. The deal was priced at 101¼.

Prices of equity warrants bonds moved firmer yesterday and Daiwa Europe found a strong response for its $100m five-year deal for Kajima, the building and civil engineering concern. The issue, which has an indicated 2¾ per cent coupon, was quoted at 106½ bid, against a par issue price.

Prices of dollar perpetual floating-rate notes continued to recover after last week's steep falls. Some investors were picking up bonds at lower levels, with deals for the better-known borrowers, including the UK clearing banks, attracting the most demand.

In quiet trading the D-Mark market maintained a firm tone yesterday. Deutsche Bank led a DM 150m 10-year 6½ per cent bond for KMB. The deal, priced at 99½, traded at a bid price of 97¾, within 2¼ per cent fees.

Prices edged higher in the Swiss franc market. American Express Bank's SFr 200m 5 per cent bond closed its first day's trading at 99, compared with a par issue price.

J Henry Schroder Bank led Nippon Glass's first international issue: a SFr 50m five-year note with equity warrants, with an indicated 2¼ per cent coupon.

## FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.
Closing prices on December 8

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



The prices over the past week were supplied by: Kredietbank NV; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Bank of Tokyo International; Chemical Bank International; Chase Manhattan; Citicorp International Bank; Daiwa Europe NV; Credit Commercial de France (Securities); EBC Amro Bank; LTCB International; Robert Fleming and Co.; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch Pierce Fenner and Smith; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Orion Royal Bank; Samuel Montagu and Co.; Societe Generale Strauss Turnbull; Sumitomo Finance International; Swiss Bank Corporation International; S. G. Warburg and Co.; Wood Gundy.

# UK COMPANY NEWS

STRONG BOOST TO BID DEFENCES

## Pilkington surges 76% to £87m

BY MARTIN DICKSON

Pilkington Brothers, the glass manufacturer fighting a £1.1bn takeover bid from BTR, yesterday gave a strong boost to its defences with the announcement of a 76 per cent increase in interim pre-tax profits to £86.9m, and earnings per share more than trebled. The interim dividend is up by 30 per cent.

Pilkington shares closed at 618p, up 3p.

Mr Antony Pilkington, the chairman, said the performance had been achieved through a combination of real growth in sales, improving contributions from recent acquisitions, better productivity and a reduction in the UK redundancy costs which have resulted from the groups major restructuring in recent years.

Hitting out at BTR for an allegedly short-term approach to running companies, he said the profits now coming through at Pilkington were the result of strategy decisions taken up five years ago.

It would be a disaster for the UK glass industry if BTR were to win, and the outcome was also important for "the future direction of British industry itself," he argued. Pilkington will produce its formal defence document later this week.

Sir Owen Green, chairman of BTR, said the results seemed very much in line with his and the market's expectations, and should support full year profits in excess of £200m.

Sales in the six months to September 27 totalled £941m, up 56 per cent. Of the £347m increase, almost £100m resulted from accelerating growth in existing businesses while about £200m came from the first time consolidation of new acquisitions, including Libbey-Owens-Ford, the US glass manufacturer. In March Pilkington exchanged its 29.5 per cent in LOF for the American company's glass division.

UK redundancy costs totalled £6.8m (£15.5m), producing trading profits of £78.3m (£28m). Licensing income was £15.7m (£12.9m); the share of profits of related companies was £7.2m, down from £14.4m and reflecting the LOF consolidation; investment income was £6.3m (£8.6m); and the interest charge rose from £14.5m to £20.6m because of increased capital expenditure. All this left pre-tax profits at £86.9m (£49.4m).

Tax took £32.3m (£30.1m), with the charge reduced to 37 per cent from 60 per cent in the same period last year, leaving earnings per share of 21.8p, compared to 6.5p in the first half of 1985 and 22.2p for the full year. The interim dividend is 6.5p (5p).

The figures for both years incorporate a change in the company's accounting policy, which was announced some time ago. It is now accounting for tangible assets on the historic cost basis used by most British companies rather than the replacement cost basis it used before.

Mr Pilkington said BTR's claim to a much superior margin on sales had been based on an incorrect comparison between Pilkington's replacement cost figures and BTR's historic cost ones. On a like-for-like historic cost basis, Pilkington had a margin of 10.7 per cent, against BTR's 10.8 per cent.

In the UK, the interim trading profit before redundancy costs was £18.4m, £11.6m better than the same period of 1985, with sales increasing by 16.6 per cent and glass melting capacity becoming much better utilised.

"Pilkington Glass is now performing strongly and will further benefit in the last three months of the year from an 11 per cent price increase introduced in December," Mr Pilkington added.

Pilkington Insulation was now firmly in profit, the electro-optical division had moved forward strongly in its defence sector, and the ophthalmic division's main component, the Sola Group, had achieved exceptionally good results.

The lower UK redundancy charge was a firm indication that this programme was now winding down, and the full year costs were anticipated to be about half those of last year.

Overseas profits totalled £56.7m, up 82 per cent, with £12.7m resulting from the inclusion of LOF as a subsidiary for the first time. Currency translations at the pre-tax level were marginally positive at £1.7m.

See Lex

## Evode in £14.5m agreed bid for Supra

By Nikki Tait

Evode Group, the adhesives, roofing, paint and plastics group, is looking to expand its distribution outlets and almost double its size by a £14.5m agreed share offer, with partial cash alternative, for Supra, which makes car components.

News of the bid accompanied full year figures from Evode, showing a 52 per cent improvement in pre-tax profits to £2.7m, on sales £71.1m higher at £70m.

The bid for Supra, claims Mr Andrew Simon, Evode's chairman and chief executive, will complement Evode's existing manufacturing technology and give it new distributive channels, especially into the automotive aftermarket.

After the merger, Supra would continue to be run as a separate group and Mr R. Neal, its chairman would join the board. The bid is conditional on Supra making pre-tax profits of £1.7m (£1.2m) in the year to end-November.

Evode is offering three shares in Evode for every four Supra. With Evode up 1½p at 119½p yesterday, that values each Supra share at 89½p.

Shareholders will be able to take cash in respect of 25 per cent of their shares, at 85p each. Morgan Grenfell, advisers to Evode, are underpinning the cash alternative.

Holders of 52 per cent of Supra's shares have already given irrevocable undertakings to accept the offer. They include two institutional shareholders — Throgmorton Trust and Foreign and Colonial — as well as Mr Neal and Mr Quinton Hazell, both of whom hold stakes of about 10 per cent.

The improvement in Evode's figures was largely due to the adhesives and sealants business, where the pre-tax figure more than doubled to £1.9m (£965,000). There was a more modest increase in paints and plastics, where profits before tax were just over £500,000 higher at £1.67m. Roofing and insulation, by contrast turned in £119,000 compared with £686,000 last time having been £244,000 (£136,000) in the red at the halfway stage.

The interest charge was static at £1.26m (£1.23m), though there was a smaller contribution from interest and income earned (£93,000 against £117,000). The tax charge is £1.5m (£1.25m) and a further £703,000 (£756,000) is charged as an extraordinary item.

The final dividend is raised by 23.7 per cent to 2.82p, making a total of 3.56p (3.22p) for the year.

● comment

The increase in Evode's full-year figures was some £300,000 to £400,000 better than the market was forecasting, with larger-than-expected benefits of earlier cost-cutting and rationalisation spread across the board. Evode says it has seen very healthy demand on the glue and adhesive front, and has taken out about one-third of its administrative staff costs on that side. The paint and plastics division was helped by acquisition of Valentine packaging film manufacturing Mann and Brown which made an eight-month contribution. But stripping that out, there was still underlying volume and profits growth of about 18 per cent. Only the roofing side remains a problem, still in local authority work and pressure on margins. Again, Evode's current policy is to slim operations and put out more work to subcontractors. The industrial logic behind the merger looks sound enough, although there may not be a vast amount in terms of one-off gains from disposals. Together the two companies might make about £5.7m in the present year, assuming an eight-month contribution from Supra. That suggests minimal earnings dilution and on a prospective PE of about 10, the shares look very fair value.

Mr Peter Walker, the Energy Secretary, (right) and Sir Denis Rooke, the chairman of British Gas, at the Stock Exchange for the start of dealings in British Gas shares yesterday. Mr Walker said he was delighted by the way the flotation had gone. "The company is now run by 5m families around the UK, and not by some politician like Tony Benn," he said. Sir Denis, however, appeared reluctant to let go of the reins so fast. "The company will be run in the same way in the private sector as it was as a nationalised industry. We will have the same board running the same business—although in the long term it's bound to make a difference"

## Dobson Park reaches £11.2m

SECOND HALF 1986 pre-tax profits at Dobson Park Industries advanced from £3.04m to £4.99m, and for the full year to September 27 emerged at £11.22m compared with £8.72m. This is in line with City forecasts of around £11m.

The final dividend is unchanged at 3.31p for a same-again total of 5.21p net, and stated earnings per 10p share rose from 7.3p to 8.5p.

Turnover of this Nottingham-based holding company with interests in mining machinery, engineering and power tools, climbed from £204m to £218.52m, with gross profits up from £44.52m to £47.81m. Net operating expenses amounted to £36.82m compared with £34.73m, leaving an operating profit of £10.99m against £9.79m.

There was an extraordinary item—arising from the divestment or closure of various businesses — of £293,000 (£1.42m), which was after adjustment for an attributable tax debit.

A profits breakdown shows an increase in the UK from £8.7m to £10.82m; the rest of Europe was up at £811,000 (£708,000); North America plunged into the red with losses of £219,000 (£1.06m profits); Australasia reduced its losses from £407,000 to £182,000; Africa contributed £207,000 (£8,000), and India £170,000 (£239,000).

At the year-end shareholders' funds represented 90.8p per share, compared with 88.1p.

● comment

There's something very solid about Dobson Park — the dividend has been unchanged for seven years; no shares to speak of have been issued for six years; and profits in the core mining division look set to wander in the £7m to £9m range forever. This year was a good one for mining but it was even better for cash flow. Of the £2.5m pre-tax increase, just over half came from the lower interest bill (and another £470,000 from the swing to a gain on the forex account) the product of a £10m fall in borrowings. With this kind of cash flow even the prospect of a poor year in mining will not prevent the management from looking for a new business area with a circa £20m acquisition plus some add ons to boost existing operations. The shares, at 97p, travel in a narrow range with loyal holders content to collect their 7.7 per cent yield. Forecasts of £11½m have the shares trading on a prospective multiple of 11 — which will not be enough to put any upward momentum into the shares. The desired purchase, once sighted and judged by the City, could, however, start the ball rolling.

## Vinten back in black midway

Vinten Group, which fell into losses in the second half of last year returned to profit in the six months to September 30, 1986. And the directors of this photographic, film and television and camera maker said that the outlook was now much more encouraging.

On turnover down from £14.2m to £12.78m, pre-tax profit was higher at £1.01m (£662,000). Earnings per 20p share came out at 3.4p (1.9p) and the interim dividend is unchanged at 1.05p. The directors said that in the absence of unforeseen circumstances they expected to be able to restore the final to 2.1p after cutting it to 0.525p last time.

Sound progress had been made in the period following the difficulties in 1985-86, directors added. The transfer of the military business from Perivale, London to Bury St Edmunds was completed successfully and gross margins were being contained in the military division, as well as broadcasting.

Trading results in the electro-optics division were satisfactory but technology had produced mixed results.

Trading profit was a little higher at £1.1m (£1.07m) and there was no exceptional item against £243,000 last time. The interest charge was cut to £86,000 (£160,000) but that excluded £122,000 relating to the activities of Vinten Systems during the closure of the Perivale factory.

● comment

After the disappointment of the final results, when forecasts of a £2m profit were met with losses of £400,000, Vinten was under strong pressure to produce evidence of a recovery. These figures did not disappoint and the shares, which have risen from 127p in July, stayed steady yesterday at 139p. For the future, TV equipment looks promising, largely because of the successful introduction of the keenly priced Vision mountings and a contract to supply the Australian parliament with a remote TV system. The military equipment division can only improve following its reorganisation and the ending of the disastrous contract to develop a video recorder for the Tornado military reconnaisance Jet system. Prospects are brightening too in the technology division where the new management has eliminated lossmakers and is expecting full year profits. The City is expecting Vinten to produce £3m at the pre-tax level, which on a tax charge of 27 per cent puts the prospective p/e at 13. Although the shares are buoyed up by the possibility of the company being at the receiving end of a bid, that seems generous enough for the time being.

## Hunslett back to profit at £0.3m

A turnround from pre-tax losses of £742,000 to a profit of £300,000 was reported yesterday by Hunslett (Holdings), the locomotive engineer and manufacturer of shipbuilding machinery and other special purpose plant, for the year to August 3 1986. The dividend is raised from 2p to 4.25p, half the rate paid for the three years 1982-1984 inclusive.

The statement said that increased turnover—up from £12.28m to £15.7m—was mainly due to the railbus contract for British Rail, which had now been completed. The improved results were due, in part, to a resumption of trade with British Coal following the miner's strike which seriously affected the results of the past two years.

There was a tax charge of £85,000 on the past year's profits compared with a credit of £270,000 for the previous year; stated earnings per share of this "close" company were 17.9p (loss 39.3p).

## ATC bids for Bulmer & Lumb

BY NIKKI TAIT

Allied Textile Companies, the Huddersfield-based textiles group, is making a £11.6m agreed cash offer, with partial share alternative, for Bulmer & Lumb (Holdings), the weaving, knitting and dyeing group based in Bradford.

Bulmer's dyeing and spinning businesses in particular its niche "slubbing" dyeing operations, will usefully extend existing interests, argues ATC. It also hopes to transfer certain businesses on to the spare land and potentially disposable sites of its own.

Bulmer's latest published figures for the year to end-April were affected by the aftermath of the 1983 fire at its Bolton factory; spinning activities were disrupted as operations transferred back to Bolton and the final £200,000 from the insurers paid into operating profit.

At the pre-tax level, however, the company made £900,000 on sales of £38.3m, and in the first half of this year, it is estimated to have made £300,000 with turnover at £16.2m. Net assets at the last balance sheet were £10.4m.

The terms of the offer are 135p cash for every Bulmer share. ATC shares are also being offered in respect of at least 50 per cent of shareholders' stakes on a basis of 11 for 23. There is also a full loan note alternative.

ATC's brokers, L. Messel, were in the market for Bulmer shares yesterday and the company's holding is now more than 4 per cent. Bulmer directors and their associated holdings have given irrevocable undertakings to accept in respect of 25.3 per cent.

No decision has been made about boardroom representation for Bulmer directors, but ATC says the company's separate indentity will be retained.

Ahead of the bid, ATC had liquid assets of £23m, and Mr Russell Smith, chairman, says other acquisitions are under consideration.

Yesterday, Bulmer shares rose 14p to 136p while ATC lost 8p to 280p.

### BOARD MEETINGS

TODAY

Interims:—Bogod-Pelepsh, Chapman Industries, Meyer International, Moorgate Investment Trust, Norcros, Alfred Preedy, Siebe, Wardell Roberts, Whitecroft.

Finals:—Burns Anderson, J. A. Devenish, Goring Kerr, Granada, Humberside Electronic Controls, McLeod Russel, Midsummer Inns, TACE, Towngrade Securities, Vaux.

FUTURE DATES

Interims:—

| | |
|---|---|
| Anchor International Fund | Dec 23 |
| Bermuda International Bond Fd | Dec 23 |
| Harris (L.) (Harella) | Dec 15 |
| Jacomar | Dec 16 |
| Lowland Investment | Apr 27 |
| Morley (R. H.) | Dec 17 |
| Pepe | Jan 6 |
| Samuelson | Dec 10 |
| Strata Investments | Jun 19 |
| Triplex | Dec 16 |
| York Trust | Dec 10 |

Finals:—

| | |
|---|---|
| British Kidney Patients Association Investment Tst. | Feb 27 |
| English National Investment | Apr 29 |
| Greenfriar Investment Trust | Jan 16 |
| National Westminster Bank | Feb 24 |
| Plaxtons (GB) | Dec 16 |
| Witan Investment | May 21 |

## Control Securities cuts loss

Control Securities, the property investment and dealing group headed by Mr Nazmu Virani, halved its loss to £1.05m in the six months ended September 30 1986. Per share it was down from 6.6p to 1.6p.

Gross rental income was up to £1.04m (£710,000), there was a profit of £180,000 on dealing and investment (loss £150,000), and no provisions for diminution in the value of investment properties, against £700,000, leaving a gross profit of £1.22m (loss £90,000).

Exceptional debit fell to £50,000 (£240,000), and interest charges to £1.04m (£1.29m), but exchange losses rose to £940,000 (£240,000).

Mr Virani noted the significant reduction in loss per share despite the exchange losses. All unmatched borrowings had now been converted into sterling, he said.





### INVESTORS IN INDUSTRY GROUP plc.

SIX MONTHS' UNAUDITED CONSOLIDATED RESULTS

| | 6 months to 30 September 1986 £000 | 6 months to 30 September 1985 £000 | Year to 31 March 1986 £000 |
|---|---|---|---|
| Group income | 98,197 | 96,386 | 196,775 |
| Associated companies | 2,958 | 2,542 | 3,795 |
| Income from operations | 101,155 | 98,928 | 200,570 |
| Operating costs | 19,767 | 17,644 | 35,367 |
| Profit before interest on borrowings | 81,388 | 81,284 | 165,203 |
| Interest on borrowings | 67,732 | 70,462 | 142,720 |
| | 13,656 | 10,822 | 22,483 |
| Exceptional item – issue expenses | 4 | 892 | 2,068 |
| Net revenue | 13,652 | 9,930 | 20,415 |
| Profits on realisation | 28,538 | 13,492 | 58,404 |
| Provisions | 9,981 | 8,824 | 32,613 |
| Profit before tax | 32,209 | 14,598 | 46,206 |
| Estimated tax | 9,643 | 3,577 | 16,456 |
| Profit after tax | 22,566 | 11,021 | 29,750 |
| Extraordinary items | 8,428 | (58) | (40) |
| | 30,994 | 10,963 | 29,710 |

Notes:
1. An interim dividend will be paid in respect of the year ending 31 March 1987 of 2.5p per share £2,883,493 (1985/86 2.5p per share £2,878,855).
2. The figures for the year ended 31 March 1986 are taken from accounts filed with the Registrar of Companies and the auditors' report was unqualified. The figures for the six months ended 30 September 1985 have been adjusted in accordance with accounting policies adopted in the accounts for the year ended 31 March 1986.
3. Extraordinary items include £8,139,000 in respect of the surplus on sale of a subsidiary company.

INVESTORS IN INDUSTRY GROUP plc, 91 WATERLOO RD., LONDON SE1 8XP TEL: 01-928 7822

*These Options having been sold, this announcement, translated from German (which is the exclusively binding version), appears as a matter of record only. It does not constitute an offer of, or invitation to the public to subscribe for, or to purchase, any securities.*

CS
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CREDIT SUISSE
SCHWEIZERISCHE KREDITANSTALT
CREDITO SVIZZERO

# CS OPTIONS

## ISSUED BY CREDIT SUISSE

**Introduction of the following covered options for quotation on the Zurich, Basle and Geneva stock exchanges ('Vorbörsen') on 8th December, 1986**

CS OPTIONS 'NESTLE'
CS OPTIONS 'SWISS RE'
CS OPTIONS 'SULZER'
CS OPTIONS 'WINTERTHUR'
CS OPTIONS 'ZURICH'

Credit Suisse has offered covered options (hereinafter referred to as 'CS Options') in the following Swiss registered shares:

500,000 CS Options on Nestlé SA Registered Shares
120,000 CS Options on Swiss Reinsurance Company Registered Shares
50,000 CS Options on Sulzer Brothers Ltd Registered Shares
48,000 CS Options on Winterthur Insurance Company Registered Shares
150,000 CS Options on Zurich Insurance Company Registered Shares

**1. Characteristics of the Options**

An option is less expensive than the underlying securities in which the option gives a right of purchase. The holder of the option has, with a smaller investment, a similar *absolute* potential for capital gain or loss as the holder of the underlying securities. The price of the option, expressed as a percentage, is usually more volatile than the price of the securities.

**2. The CS Option**

An option is a certificate which gives the holder the right ('Option Right') to purchase a specified number of securities of a company during a specified period of time ('Exercise Period') at a stipulated price ('Exercise Price'), within the statutory restrictions of that company. In the case of CS Options for registered shares of another company, the related underlying registered shares may only be acquired by individuals whose ownership is permitted to be recorded in the company's stock register; the holder of an option cannot claim delivery if the requirements for registering his name on the company's books are not met.

In principle, Swiss citizens and legal entities defined as predominantly Swiss may acquire registered shares of these companies and their ownership may be recorded in the company's share register.

**3. Information about Credit Suisse**

For detailed information about Credit Suisse, we refer to the comprehensive prospectus dated 25th March, 1986 published with respect to the 1986 capital increase, as well as the short prospectus of 21st August, 1986; both appeared in the 'Neue Zürcher Zeitung', the 'Basler Zeitung' and the 'Journal de Genève'.

| | CS Options 'Nestlé' | CS Options 'Zurich' | CS Options 'Swiss Re' | CS Options 'Sulzer' | CS Options 'Winterthur' |
|---|---|---|---|---|---|
| **Option Right** | 10 Options give the right to buy one Nestlé Registered Share | 6 Options give the right to buy one Zurich Registered Share | 12 Options give the right to buy one Swiss Re Registered Share | 5 Options give the right to buy one Sulzer Registered Share | 6 Options give the right to buy one Winterthur Registered Share |
| **Exercise Price** | SFr. 4,750.— | SFr. 3,700.— | SFr. 7,700.– | SFr. 3,050.— | SFr. 3,750.— |
| **Exercise Period** | 1st January, 1987 until 15th December, 1989 | 1st January, 1987 until 15th December, 1989 | 1st January, 1987 until 30th April, 1990 | 1st January, 1987 until 30th April, 1990 | 1st January, 1987 until 15th December, 1989 |
| **Payment Date** | 25th November, 1986 | 28th November, 1986 | 28th November, 1986 | 4th December, 1986 | 5th December, 1986 |
| **Shares Reserved for Exercise of Options** | 50,000 Nestlé Registered Shares, at SFr. 100.– nominal value | 25,000 Zurich Registered Shares, at SFr. 100.– nominal value | 10,000 Swiss Re Registered Shares, at SFr. 250.– nominal value | 10,000 Sulzer Registered Shares, at SFr. 1,000.– nominal value | 8,000 Winterthur Registered Shares, at SFr. 100.– nominal value |
| **Swiss Security Number** | 133.344 | 133.342 | 133.343 | 133.341 | 133.339 |

**For the above-mentioned CS Options, all of which have been placed at SFr. 100 each, the following general conditions apply**

**Receipt and Ownership of Registered Shares** The respective company's current regulations apply regarding purchase of shares and registration of shareholders upon exercise of the Option.

**Exercise of the Options** The holder of the Option can only exercise his right to acquire shares if he is eligible for registration in the particular company's share register.

Credit Suisse does not, therefore, guarantee that the holder of the Option can acquire the underlying registered shares of the company or be listed as a registered shareholder.

**Dividend Rights** Registered shares acquired upon exercise of the Options are entitled to all dividends payable thereafter.

**Securing the Option Rights** In order to secure the exercise rights arising from the Options, a sufficient number of registered shares in the particular company for exercise of the Options is held on deposit by Credit Suisse. This reserved amount will decrease proportionally as Options are exercised.

**Dilution Protection** If, during the Exercise Period of the Options, the respective company offers preemptive subscription rights on new equity (shares or participation certificates) or bonds (convertible or with warrants attached) to its existing shareholders, the holder of the Option can exercise his right (if eligible for registration in the share register), up to 10 days prior to the official beginning of the trading in subscription rights. In this case the holder acquires registered shares to which subscription rights for new equity or debt securities pertain. For Options that have not been exercised before the aforementioned deadline, the relevant Exercise Price shall be reduced by an amount equal to the average of the daily closing prices on the Zurich Stock Exchange on each day of the official trading in subscription rights to which the holders of registered shares are entitled.

Notice of the new exercise price will be given at the latest 10 days after the last day of the official trading period of the subscription rights. Orders to exercise the Options at the reduced exercise price will be executed at the earliest on the day of publication.

**Procedure** The exercise of the Option is effected by presenting the Option certificates at any Credit Suisse branch office in Switzerland and making a simultaneous cash payment at the Exercise Price. The exercise is free of charge to the holder.

**Notices** Notices related to all Options referred to herein will be published once in the 'Feuille Officielle Suisse du Commerce' and a daily newspaper in Zurich, Basle and Geneva.

Zurich, 25th November, 1986

**CREDIT SUISSE**

# UK COMPANY NEWS

## Simon attacks Valuedale 'buy-in'

BY CLAY HARRIS

*Simon Engineering* yesterday stepped up its defence against Valuedale's proposed £173m management "buy-in" with an attack on the borrowing required to finance what it described as an "outrageous bid."

Simon claimed yesterday in its defence document the level of borrowing would put at risk the bonding guarantees from banks and insurance companies to back its large plant contracts. Three institutions had already warned that they would have to review bonding arrangements if the bid was successful.

Simon also attacked the management record of Mr Philip Ling, who would become chief executive under the Valuedale bid, pointing in particular to Haden's sale of its building services division only ten months after Mr Ling's successful management buy-out effort promised its continued expansion.

Valuedale, a company created to bid for the Cheshire-based engineer and process-plant contractor, is offering 180p cash and one of its own shares for each Simon share. Valuedale's shares have been valued at 100p by its stockbrokers, Hoare Govett.

Under the "buy-in" structure, these shares would have to rise to 160p before the bidders took possession of their 38 per cent stake in the company.

Simon and its advisers, Hill Samuel, *noted yesterday*, however, that Valuedale's deferred ordinary shares would have full voting rights from the start and that their conversion could also be triggered by a change of voting control.

Preference stock held by Valuedale's financial backers would receive two votes if the dividend was omitted or fell into arrears by three months. Simon argues that this would give Valuedale and its backers 55 per cent of Simon, amounting to a change in control, and triggering a conversion, regardless of the Valuedale share price.

Schroders, advising Valuedale, said last night that such a situation would not be re*garded as an effective change* of control.

It also said that the level of borrowing should quickly come down, in part because there was sufficient cash flow to service both interest and principal. "We're more than confident that bonding will be available," Schroders said.

With Valuedale's promoters having paid only 3p per share, Simon also argues that they could make a large profit by selling out at prices well beow the 100p value attributed to the shares.

Simon shares lost 2p yesterday to 316p.

See Lex

## Glaxo sales soar 40% in first 5 months

GLAXO HOLDINGS' sales for the five months to end-November soared by almost 40 per cent over the equivalent period last year, boosting its share price 21p to close at 923p.

Mr Paul Girolami, chairman of the pharmaceuticals group, told shareholders at the annual general meeting yesterday that Glaxo's good start to the year had been assisted by favourable exchange rate movements.

Glaxo does not usually comment on the five months up to its AGM as they include the July/August holiday period and are not considered a good guide to the year's outcome.

"I must emphasise that this is not a good guide to the likely increase in profits for the first half of this financial year nor to the likely increase in sales and profits for the full year," warned Mr Girolami.

Glaxo reported pre-tax profits for the year to June 30 up 52 per cent to £612m on turnover 26 per cent higher at £1,407m thanks to greater sales volume and higher prices.

In November is was ranked 11th among world drug companies in a survey by the UK pharmaceutical newsletter Scrip, having made the highest profit margins.

## Hardanger rises 35%

A 35 per cent increase to £3.52m (£2.61m) in pre-tax profits is reported by **Hardanger Properties** for the year to September 30 1986. The dividend is raised from 9.8p to 11.36p with a final of 7.81p (7p).

The chairman, Mr Derek Coombs, reported further growth in net asset value, from £8.04m to £10.91m which had been accompanied by growth in rental income to £295,000.

Developments which had been *sold in the past year* included Stratford - upon - Avon, Haverfordwest and Bridgend. Current developments included a project in Kidderminster which was pre-let to Safeway Stores and was expected to be completed in 1987.

Tax took £964,000 (£838,000) and stated earnings per 10p share were 39p (27p).

## Redland takes full control of its Dutch subsidiary

BY DAVID GOODHART

Redland, the building materials group which has expanded rapidly in the US in recent weeks, yesterday spent £27m buying 100 per cent control of its Dutch subsidiary, Redland Bredero.

Redland already owns half the company and is buying the other half off Verenigde Bedrijven Bredero.

Redland Bredero is the lead*ing building materials producer* in Holland, manufacturing and selling concrete roof tiles, clay bricks, ceramic floor and wall tiles, and Decostone sinks. Redland Bredero also has stakes in roofing companies in Belgium, Sweden and Norway.

Verenigde Bredero put its stake up for sale and Redland took advantage of its right of first refusal to buy it. Mr Robert Napier, Redland finance director, said: "It's a very good buy for us. The company is very profitable, and we are buying it on a p/e of under nine."

In the year to end December 1985, Redland Bredero made an operating profit of £11m on turnover of £104m and a profit after tax and interest of £5m. In the current year, Redland Bredero is forecasting turnover of £112m and post-tax profit of £6m. Shareholders funds are currently £28m and debt £23m.

The acquisition will increase Redland's gearing to close to 40 per cent. Mr Napier said: "That is a level we feel quite comfortable with, given the cash our companies are generating."

## Laing buys 60% stake in Oilfab

*By James Buxton, Scottish Correspondent*

John Laing, the construction and engineering company, has acquired a 60 per cent stake in Oilfab, a privately-owned offshore engineering specialist in Aberdeen. The value of the transaction was not disclosed.

*Oilfab, which has annual sales* of about £5.5m a year, is a specialist in the repair and maintenance of oil platforms. Mr Lindsay Anderson, chairman, said yesterday the deal with Laing would give Oilfab the financial resources it needs to bid for larger contracts.

The company was trading profitably he said. It had a good order book in a field of offshore engineering that has suffered much less than oilfield exploration and development from the downturn in the oil price.

Laing said Oilfab would become a major part of its energy engineering group. Laing was previously engaged in offshore fabrication work but abandoned this field after completing a number of platforms. The taking of a majority stake in Oilfab did not mean that it was returning to the fabrication field, it said.

Oilfab is owned by Mr Anderson and Dr Gilbert Herries, the managing director, who formed the company 12 years ago.

### SHARE STAKES

CHANGES in company share stakes announced over the past week include:

**American Electronic Components** director Mr C. Mills pur*chased 17,000 shares at 23p.*

**National Home Loans** director Mr K. J. Milner purchased the following shares: 2,400 Ordinary at 83p, £2,200 loan stock at 89p on October 28, 10,000 Ordinary at 97p and £10,000 loan stock at 107p on November 26.

**B.A.T. Industries** director Mr A. C. Long sold 17,896 Ordinary at 455p on November 21.

**Petranol** — director Mr W. Elliott jr, resigned on 28th November. His consultancy arrangements with Petranol America are unaltered. On *November 28 Mr Elliott jr sold* 100,000 shares.

**Southampton I.O.W. Royal Mail** — as a result of the purchase of 259,000 ordinary on December 11 1986 Southern Newspapers has an interest in 269,000 ordinary (7.93 per cent).

**Abbott Mead Vickers** — on December 3 1986 Mr Abbott, chairman, sold 25,000 shares at 210p and 75,000 at 209½p and Mr M. Baulk, managing director, purchased 25,000 at 210p.

**Daks Simpson Group**—Director Mrs G. Andrews disposed *of 100,000 "A" non-voting* shares.

**Cliff Oil**—On December 1, 1986, Mr J. G. Cliff, a director, purchased 20,000 ordinary shares at 54p per share.

**Barr and Wallace Arnold Trust**—Mr K. Firth has increased his holding of ordinary voting shares to 85,000 (7.2 per cent).

## Tiphook has 4.9% of Mitchell Cotts

Tiphook, the container and trailer leasing company, is the owner of the "significant" second share stake in Mitchell Cotts. News of the stake was given by Mitchell Cotts chairman Mr John Storar at last week's annual general meeting, though he refused to disclose the owner of the holding because it was below the 5 per cent level.

It now transpires that Tiphook owns 4.9 per cent of the engineering, chemicals and trading group's shares through a number of nominee accounts. A further 11.4 per cent is held by Rushlake Holdings, the private company controlled by the Jivraj family.

Mr Kenneth Dick, a non-executive director at Tiphook, is a past chairman of Mitchell Cotts, though he left the company in the late 1970s. He is also non-executive director of N. M. Rothschild & Sons.

## Demerger purchases more L & N shares

Demerger Two, the specially formed company attempting to take over Londo and Northern, the construction, energy and healthcare group, has acquired a further 200,000 shares through its associates.

Four companies deemed to be acting in concert with Demerger — Technology Finance, Tanks, Quintex and Dumenil Unit Trust—already own 6.15m shares or 5.5 per cent of London and Northern.

Demerger, which is advised by Ifincorp, Earl launched a £90m bid for London and Northern on Thursday. It plans to split the group into four separate companies.

## Slush Puppy group makes £14m offer for United Trust & Credit

BY DAVID GOODHART

Somportex Holdings, the Slush Puppy drinks and confectionery group controlled by investment specialists Mr Nigel Wray and Mr Clive Mattock, has made an agreed £14m offer for United Trust & Credit the issuing house and equity dealer.

When Mr Wray and Mr Mattock took control last year, they indicated that they wished to take Somportex into the financial services sector. In the eight months to end December 1985, Somportex lost £118,000 on turnover of £2.9m, but after selling some loss-making confectionery interests to Barker & Dobson, the company made a pre-tax profit of £145,000 on turnover of £741,000 in the six months to end June 1986.

UTC, which made pre-tax profit of £504,000 on turnover of £8.28m in the first six months of 1986, was formed in 1982 and joined the USM in September.

Following the merger, it is proposed that Mr J. Vincent, chairman of UTC, will become chairman of the enlarged group, and Mr Mattock will become deputy chairman. Three UTC directors will join the board, and Mr Wray and Mr Edgar Palamountain, chairman of the Wider Share Ownership Council, join as non-executive directors.

Somportex said that after the merger, the name of the company will be changed "to reflect the identity of UTC." The directors of UTC have accepted the offer in respect of 18.9 per cent of the share capital.

The offer is five new ordinary Somportex shares for every two ordinary shares in UTC, and UTC warrant holders will receive two new Somportex shares for each warrant. The cash alternative is 200p.

The directors of UTC have stated that they intend to propose a final dividend of 8p per UTC share in respect of the year ending December 31 1986. If the merger takes effect, the final dividend will be replaced by a second interim dividend of the same amount payable to UTC shareholders.

## London & Edinburgh Trust acquires 5% stake in BCA

BY TERRY POVEY

London & Edinburgh Trust, the fast-growing property company run by Mr John Beckwith, yesterday announced a 5 per cent stake in The British Car Auctions Group and rather surprised the City by making a profit forecast for the auction group.

Mr Beckwith said: "We have agreed terms, on a joint venture basis, for LET and BCA to work together to exploit the considerable hidden property potential within BCA which trades from 26 sites in the UK and the US."

He also said the BCA would make profits of around £20m pre-tax for 1986-87.

On BCA's behalf Mr Peter Warman, a board member, said that while the two companies had held talks, nothing had been agreed, that he was "surprised that LET had burst into print in this way" and that "BCA had nothing to do with Mr Beckwith's forecast."

BCA has freehold land and buildings valued in August 1982 at £82m. Mr Warman insisted that no arrangement had been made with LET to sell off major sites.

While his statement appears to have been made without BCA clearance, Mr Beckwith described the auction company in glowing terms, as "well managed" with "a very positive cash flow." He said BCA was presently on an undemanding earnings ratio and is therefore "an exciting investment."

LET recently raised an estimated £82m through the purchase for shares and then asset stripping of the 1928 Investment Trust.

## Sun Life Assce to reorganise its structure

Sun Life Assurance Society, a major UK life company, is proposing a major reorganisation to its corporate structure. The capital of the group would, under those proposals, be held by a new non-trading holding company, Sun Life Corporation, which would not be classified as an insurance company.

Sun Life, in common with other UK insurance groups, has in recent years rapidly expanded its activities from its traditional life assurance base. Two particular areas have been in the field of portfolio investment management services for external clients and a separate unit trust operation.

Although the current structure has not inhibited the group from its expansion, a reorganisation so that the parent company is a non-insurance company offers much greater flexibility to a group to co-ordinate its various expansion strategies.

In particular it can develop its non-insurance operations without being restricted by insurance legislation.

The authorised capital of the Corporation will be £3.25m, slightly greater than that of the Society.

The extraordinary meeting to approve the reorganisation, which will involve a one-for-one share exchange, from holdings in the Society to the proposed Corporation, will be held on January 7 with the scheme becoming effective on February 6.

PEERLESS, plastic container manufacturer, said yesterday that no meaningful discussions had taken place with any other party. It made the announce*ment in the light of the rise in* the company's share price over the past few days.

## Pict Petroleum runs into losses of £3.2m

Reduced trading and heavy write-downs led Pict Petroleum into a loss of £3.17m in the year ended June 30 1986, compared with a profit of £621,600 in the previous eight months.

Turnover for the year was £2.33m (£2.44m) and profit on oil and gas trading £895,000 (£1.17m). Exploration expenditure written off came to £1.62m (£214,000), write down of producing properties £1.35m (nil), and there was a provision for diminution in investment value £457,000 (£31,000).

Loss per share was 37.4p, against earnings of 7.3p.

NO 16—8/8¼

Pict has a 6 per cent working interest in the gas appraisal well currently drilling on block 48/18C in the southern North Sea. Results were expected to be known by the end of the month.

Following the oil price collapse, the policy had been to reduce exposure by undue risk and to conserve cash.

Recently it agreed with Elf an exchange, involving no cash consideration, of all its North Sea and other UK offshore and exploration interests (excluding Claymore, Rob Roy/Ivanhoe and southern North Sea gas interests) for Elf's interests in 26 UK onshore licences, mainly in the East Midlands and Yorkshire.

### COMPANY NEWS IN BRIEF

KLARK-TEKNIK'S chairman, Mr Philip Clarke told the annual meeting that the current year had started well, and during the first four months sales of its traditional products had increased over those of the same period last year. Sales in the US were considerably higher by virtue of DDA, the mixing console acquired last March. Directors were confident that the current year would be satisfactory.

HAY AND ROBERTSON (canvas and textile maker) — For year ended May 31, 1986, turnover was £228,000 (£415,000) and loss £11,000 (profit (£5,000). Loss per share 0.015p (earnings 0.006p). Sale of site at Dundee proving more protracted than anticipated. Extension and broadening of activities expected although hampered by limited resources.

GULF RESOURCES has extended its offer for Imperial Continental Gas Association to December 23 after receiving acceptances covering only 0.57 per cent of shares by its first closing date, in addition to the 10.28 per cent held by it and associates.

EDBRO: because of a less favourable mix in the half year pre-tax profit fell from £1.1m to £900,000. Turnover, however, rose to £11.2m (£10m). Earnings for the half year were cut to 7p (12p) per share but the interim dividend is held at 2.5p net. For the year ended March 31 1986 pre-tax profit came to £2.31m and the dividend 7.5p.

PROPERTY AND Reversionary Investment. In half year ended September 30, 1986, gross rents £2.66m (£2.25m) and net profit [illegible] (£788,000) after tax £439,000 (£524,000). Net surplus on property disposal £174,000 (£69,000). Earnings 3.1p (2.9p) and interim dividend 1.65p (1.5p) net. Most properties in prime locations and company well placed for capital and rental growth.

R. W. TOOTHILL (furniture manufacturer): Interim dividend 3.5p (3.3p) for six months ending September 30 1986. Turnover £2.24m (£2.03m) and pre-tax profits £120,000 (£121,000). Tax £42,000 (£45,000). Earnings per share 11.14p (10.86p).

ASD (formerly Associated Steel Distributors): Company to acquire Davy Stockholders, a subsidiary of Davy Corporation. Anticipated that net assets of Davy Stockholders on completion (December 31) will be approximately £4.1m. Davy will receive a total of some £2.6m for share capital and reserves and in repayment of inter-company loans. ASD, a USM company, is ultimately owned by Coutinho Caro & Co.

TOWLES (hosiery and knitwear manufacturer): Turnover for six months to August 31 1986 £5.9m (£5.49m) and the pre-tax loss £369,000 (£333,000). Tax credit £140,000 (£142,000) and stated loss per 10p share 9.62p (8.04p). Directors said it was expected that as usual the company would return to overall profit in second half but it was too early to make a forecast.

TRANS-OCEANIC TRUST increased its net asset value per 25p share from 193.5p to 265p in the year to October 31 1986. The final dividend is raised from 2.65p to 3.05p net for an increased total of 4.25p (3.85p). Net revenue after tax of £814,732 (£786,052) was higher at £1.68m (£1.45m). Stated earnings per share were 4.6p against 3.96p.

### DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Beaverco ............int. | 1.7 | Jan. 30 | — | — | — |
| Matthew Brown ......... | 11 | Jan. 1 | 9.35 | 14 | 11.5 |
| Dobson Park ............ | 3.31 | — | 3.31 | 5.21 | 5.21 |
| F & C Alliance ......int. | 0.63 | — | 0.58 | — | 1.83 |
| Greenall Whitley LV... | 3.2 | Feb. 6 | 2.85 | 5.5 | 4.93 |
| „ „ A ... | 0.64 | Feb. 6 | 0.57 | 1.1 | 0.99 |
| Hardanger Props ...... | 7.81 | — | 7 | 11.36 | 9.8 |
| Hunslet (Hldgs.) ...... | 4.25 | — | 2 | 4.25 | 2 |
| Pilkington Bros 1st int. | 6.5 | Feb. 13 | 5p | — | 13.5 |
| Restmor ............int. | 1 | Jan. 19 | 0.75 | — | 4.5 |
| R. W. Toothill ......int. | 3.5 | — | 3.3 | — | 8.25 |
| Vinten ...............int. | 1.05 | — | 1.05 | — | 1.58 |
| W'hampton & Dudley | 6.55 | Jan. 22 | 5.7 | 9.75 | 8.55 |

Dividends shown pence per share net except where otherwise stated. **Equivalent after allowing for scrip issue.* † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

# UK COMPANY NEWS

## Acquisition boosts Benzol to £3.9m

INCLUDING A recent acquisition, the British Benzol group increased its profit from £2.7m to £3.88m in the half year ended September 30 1986. Turnover was little changed at £21.7m, compared with £21.2m.

And to underline their confidence in the future, the directors re-affirm their intention of recommending a dividend of at least 1p net for the full year, the first payment since 1980.

The directors said the results of Powerscreen, which makes mobile screening equipment, for the quarrying and mining industries, had been included to give a more accurate reflection of the enlarged group's overall operation. It contributed £3m (£2.88m) for the half year.

They stressed, however, that this should not overshadow the continuing progress being made by the original British Benzol companies, coke and smokeless fuel manufacturing and mining. They turned round from a loss of £124,000 to a profit of £559,000.

Net consideration for Powerscreen was £25m which was funded by a rights issue. At the same time the group raised £2.7m for its own purposes.

Group net profit for the half year came to £3.76m (£2.55m for earnings of 5.8p (4p) basic and 5.3p (3.6p) diluted. There was an extraordinary credit of £348,000 (debit £329,000), being the net surplus on the sale of a freehold property and the excess of an insurance claim no longer required.

### ● comment

Most of these figures could have been predicted, given that the offer document for Powerscreen showed seven months of that company's results and four months of British Benzol. The group has been transformed by the acquisition of the Irish company, which makes screening equipment for the mining, quarrying and sewage industries and the four-for-three rights issue which accompanied it. For the full year, Powerscreen is expected to make £5.5m, more than twice the contribution of the old Benzol interests, which with solid fuel, mining and petrol station operations are sharply geared towards the second half. A note of caution for investors—the RUC Fraud Squad says it is still investigating Powerscreen's affairs — which means that Benzol's shares, at 76p, might not be as attractive as they might at first appear on a prospective p/e of 9, assuming a conservative 20 per cent tax charge.

## Ault & Wiborg to sell printing inks division

By Clay Harris

Ault & Wiborg Group is to sell its printing inks division to Dainippon Ink and Chemicals of Japan for £16.25m.

The disposal follows Dainippon's purchase for $550m (£390m) of the graphic arts materials operations of Sun Chemical of the US, which holds 83.5 per cent of Ault & Wiborg.

The UK company is also discussing the sale of its paints business to Berger, reflecting the US parent's exit from the sector. This would leave Ault & Wiborg as a manufacturer of chemicals and resins.

Ault & Wiborg said yesterday that its ink operations had depended on Sun Chemical's technical support and were unlikely to remain competitive without it.

The sale includes the UK and Irish companies, 30 per cent of Ault & Wiborg (Nigeria), and 49.99 per cent of a Pacific operation.

The division had operating profits of £859,000 on turnover of £15m in the six months to June and assets of £15.1m at the end of 1985.

## Kleinwort Benson

Kleinwort Benson Investment Trust has acquired 5.6m shares in Kleinwort Charter Investment Trust. It brings the total interest of Kleinwort Benson companies to 13.4 per cent or 10.8m shares. In Saturday's paper, this was incorrectly described as a stake in M&G.

JAMES HALSTEAD GROUP: Chairman told annual meeting that company was trading ahead of last year and financial situation was very sound.

## Restmor accepts £15m BSG bid

BY CLAY HARRIS

BSG International, Britain's leading maker of children's car safety seats, will add prams and pushchairs to its product range with the agreed takeover of Restmor, principal supplier to Mothercare for £14.6m.

With BSG's shares 12p lower at 50p, its 284-for-100 share offer values Restmor shares at 142p, against yesterday's close of 137p, a 20p advance on the day. Samuel Montagu is underwriting BSG's new shares at 47p to fund a cash alternative of 133.5p.

BSG has 60 to 70 per cent of the UK market for children's car seats through its Britax subsidiary. Last month it bought a dominant position in the Australian market with the acquisition of Rainsford Metal Products for £9.1m. It was already an important West German producer through Romer-Britax.

The transport accessories and motor dealing group said that the combined children's products division would have annual sales of £33m. Surplus space at Restmor's three factories would enable Britax to expand capacity to meet strong UK demand.

The takeover also reflected the increasing tendency for car safety seats to be sold in stores specialising in children's products. Mothercare, part of the Storehouse group, accounts for 80 per cent of Restmor's output.

Restmore yesterday reported pre-tax profits of £875,000 on sales of £7.81m for the six months to October 30. Existing shareholders will b entitled to an interim dividend of 1p (0.75p).

## Jack Israel drops 19%

DIFFICULT trading left Jack L. Israel Group, importer of canned fruit and vegetables with pre-tax profit down 19 per cent at £427,000 on turnover up 10 per cent to £17.3m for the six months to September 30.

Turnover for October and November has shown a 20 per cent increase over the same period last year, said the chairman, Mr John Alexander, and directors believed a similar increase could be maintained throughout the second half.

The USM company traditionally trades at higher levels in the second half, but margins were unlikely to improve.

After lower tax of £135,000 (£214,000) and minority interests unchanged at £2,000, retained profits stood at £290,000 (£314,000). Earnings per share dropped from 0.47p to 0.44p.

## BBB Design moves ahead

BBB Design Group, graphic design, specialist marketing, publishing and printing services reported a pre-tax profit of £342,000, against £240,000, for the six months ended October 31 1986.

The directors stated that the company continued to seek new opportunities for ventures linked with existing range of services, and were confident that the improvement in results would continue into the second half.

Turnover during the period rose from £906,000 to £1.19m; tax took £120,000 (£84,000) leaving earnings of 2.68p (1.88p) for the 5p shares which were placed on the USM in July last. As foreshadowed, a combined interim and final dividend will be paid in August 1987.

## Beaverco lifts profits 20% halfway

HIGH RAW material costs and low demand did not prevent USM newcomer Beaverco producing a 20 per cent increase in interim profits to £437,000.

Sterling's weakness against European currencies pushed raw material costs up and demand to polyurethane foam products from furniture manufacturers was lower than anticipated, said the chairman, Mr John Lees.

Turnover was slightly higher than last time at £7.6m (£7.4m). Trading profit was £505,000 (£484,000) and interest payable almost halved at £68,000 from £121,000. Tax rose from £127,000 to £153,000, leaving net profits marginally higher at £284,000 (£236,000) and earnings per share at 4.6p (4.3p).

Directors declared an interim dividend of 1.7p.

## REGIONAL BREWERS REPORT

## W'Hampton & Dudley up 21% as margins rise

A 21 PER CENT advance in pre-tax profits was achieved in the year ended September 28 1986 by Wolverhampton & Dudley Breweries on sales 9 per cent higher. The dividend is lifted from 8.55p to 9.75p and there is to be a 1-for-1 scrip issue.

The net margine improved from 14.9 to 16.5 per cent. Sales came to £113m (£103.5m) from which the trading profit was £19.24m (£16.39m), and the pre-tax balance worked through at £18.7m (£15.43m).

Mr E. J. Thompson, chairman, said concentration on giving customers better products in more comfortable surroundings enabled the group to sell increased volumes in its trading areas.

A reduction in finance charges from £1.48m to £914,000 also helped the pre-tax profit. After tax £7.23m (£6.66m) the net balance came to £11.47m (£8.77m) for earnings of 35.5p (27.2p) per share. The final dividend is 6.55p.

Extraordinary credits this year came to £2.07m (£851,000) of which some £1.9m was attributable to the sale of shares in Davenports Brewery following Wolverhampton's abortive bid.

### ● comment

Despite economic problems in its Black Country base, Wolverhampton and Dudley is still managing to increase volumes on its Banks and Hansons ales. Having a strong brand name could come in extremely useful if any action is taken after the Monopolies Commission "tied houses" inquiry and W and D has accordingly increased its TV advertising spend. This year's profits increase might not be quite so great as last's—the advent of the £1 coin upped fruit machine takings and there were interest benefits from the sale of the Davenports stake—so £21.5m looks likely pre-tax. That puts the shares at 559p up 9p on a prospective p/e of 13, at a premium to the brewery sector. That premium might be caused by bid rumours but W and D's management is highly-rated in the City so it is hard to see how a predator could claim that the group needs a shakeout. It seems more likely that W and D, having failed to catch Davenports, will seek to expand geographically with another bid.

## Greenall hits £35m: period of consolidation planned

BY ALICE RAWSTHORN

Greenall Whitley, the brewery and hotel group, yesterday announced a 15 per cent rise in pre-tax profits to £35.3m and a 12.5 per cent increase in turnover to £387.4m for the 1985-86 financial year.

The results contain the first contribution, for six months, from Davenports, the Midlands-based brewery which Greenall Whitley acquired in March.

According to the managing director, Mr Andrew Thomas, the Davenports purchase marks the end of an active period of acquisitions for the group which now intends to concentrate on consolidating its brewing and hotel interests.

Davenports contributed around £1.4m after interest to these results, and should muster around £4m in its first full financial year. The rationalisation and refurbishment of its interests has already begun.

Greenall Whitley expects this to continue for two years and for the refurbishment to cost £7m. Operating profits from beer businesses for the year to September 26 1986, rose to £31.3m (£25.7m) despite a fall in volume sales of beer in the north west.

In the UK hotels division operating profits increased to £8.8m (£7.5m), despite the fact that one of the flagship hotels, the Grand Hotel in Brighton, was closed until August for its refurbishment after the Brighton Bomb at the Conservative Party Conference in 1984.

The Grand Hotel is now operating ahead of targets and the company is approaching the end of its overall refurbishment programme.

Operating profits for US hotels fell to £247,000 (£1.5m) during the year. The division operated at a loss in the first half, but moved back into profit in the second. The cause of the problem, the fire at the Lord Cromwell in Connecticut, effectively cost the company £1.5m in lost profits. The Lord Cromwell was fully reopend in September.

A buoyant performance from wines, cider, soft drinks and coin machines fuelled an increase in operating profits from the remaining businesses to £6m (£4.8m). The company raised £2.2m (£3.4m) from the sale of properties and £1.6m (£1.7m) from exceptional items including an insurance payment for the Grand Hotel in Brighton.

Growth in earnings per share was depressed by the acquisition of Davenports. Basic earnings per voting share rose to 20p (18.8p) and for the "A" shares to 4p (3.8p). The board proposes to pay a dividend of 5.5p (4.9p) for voting shares and 1.1p (0.9p) for "A" shares.

### ● comment

The City has never been entirely enamoured of Britain's biggest regional brewery. This disenchantment is reflected in the share price which has long languished at the bottom of the brewery sector. Greenall Whitley accompanied these results with a bullish statement about the days of acquisitions (and accidents) having come to an end, with promises of profits growth to come. The City seems confident about the prospects for respectable growth from the hotel interests, but is rather less benign about brewing, and the voting shares rose by just 2p to 175p yesterday. With profits of £42m in prospect for the current year, the prospective p/e is a lowly 7. Greenall Whitley seems to have mustered enough confidence to stave off any further falls, but a company with its accident prone history and arcane share structure, will need more than one set of respectable results to justify a re-rating.

## Matthew Brown tops forecast

BY ALICE RAWSTHORN

Matthew Brown, the Blackburn-based brewer which could face the prospect of a renewed takeover bid from Scottish & Newcastle Breweries at the end of this week, yesterday unveiled a 24 per cent increase in pre-tax profits to £10.1m for the 1985/86 financial year.

Matthew Brown narrowly evaded being taken over by S & N a year ago. S & N held 47.5 per cent of the company at 3.30 pm, the closing deadline, but increased its holding to over 50 per cent in the 90 minutes permitted to count acceptances.

The Takeover Panel ruled that these "late" shares could not be included in the count. S & N has retained a 29.6 per cent holding in Matthew Brown but has been forced to wait for a year before being able to renew its offer. The year comes to an end on Friday but it has given no clear indication of its intention.

In its defence against the S & N bid, Matthew Brown made a profits forecast for 1985/86 of £9.7m. With pre-tax profits of £10.1m it has comfortably beaten that forecast, although it received an exceptional credit of £386,000 for the sale of the Trafalgar Hotel in Samlesbury.

"Every year we make money from the disposal of properties, from redundant pubs and so on," said Mr Patrick Townsend, Matthew Brown's chairman. "But the sale of the hotel was an unusual occurrence. We included it as an exceptional credit so that everyone could be quite sure that, even without it, we met our profits forecast."

In the year to September 27 Matthew Brown's turnover rose to £56.6m (£53.6m), its trading surplus to £12m (£10.3m) and trading profits to £9.8m (£8.3m). It received £495,000 (£481,000) from the sale of property and investments.

The cost of defending the company against the S. & N. bid, combined with a provision for the cost of closing down its brewery in Carlisle, produced an extraordinary debit of £1.9m.

Earnings per share rose to 29.07p (22.18p) and the board proposes to pay a final dividend of 11p (9.35p), making a total of 14p (11.5p) net.

Although volume sales of beer fell by 1 or 2 per cent, the company compensated by engaging in what Mr Townsend called "good housekeeping."

## APPOINTMENTS

## Top Midland Bank posts

Mr Hugh de Quervain has been appointed managing director of MIDLAND BANK equity group following the retirement of Mr John Beevor. Mr de Quervain has been a director of Midland Bank Equity Group for six years. Mr Roger Heath, Mr David Hutchings and Mr Ian Taylor have been appointed deputy managing directors of Midland Bank Equity Group. Mr John Brandon, Mr David Casstles, Mr Dennis Freedman and Mr Alan Marsh have been appointed executive directors.

★

DICKSON MINTO, WS of Edinburgh, intimate that from January Mr Gaham Martin will be assumed as a partner, based in London.

★

Mr J. Graham Barclay and Mr A. Charles Clapperton have been appointed directors of MURRAY JOHNSTONE, Glasgow. Mr Barclay is financial accountant, and Mr Clapperton is the company secretary.

★

ALLEN COMPUTERS, part of the Air Call Group, has appointed a new managing director following the resignation of Mr David Allen, one of the founders of the business, who is heading over day-to-day management to devote more time to furthering other interests. Mr Ray Pipe, a director of Allens and Air Call, becomes the new managing director.

★

Mr Ian Chapman, chairman of William Collins, has joined the board of GUINNESS as a non-executive director.

★

Mr T. Inoue has been appointed chairman of SHARP ELECTRONICS (UK). He was vice chairman of Sharp Germany. The previous chairman of Sharp (UK), Mr T. Mitsuda, has been appointed chairman of Sharp Electronics Corporation of the US.

★

PATRICK (UK), subsidiary of French sportswear manufacturer Patrick SA, has made three appointments to the board: Mr T. F. Tovey becomes managing director; Mr M. Campion has been promoted to sales director; and Mr P. Reed, international operations director of Patrick SA, joins the board as the representative of the parent company.

★

Mr Geoffrey Smith has been appointed director of television operations, MIRROR GROUP NEWSPAPERS. Until taking up his new appointment Mr Smith headed a television consultancy company. Previously he held appointments as head of production planning at Yorkshire Television (1977 to 1981) and director of operations, TVAM (1981 to 1983).

★

Mr N. A. Cuddeford has been appointed a director of HOWSON F. DEVITT & SONS, part of the Detikt Group.

★

Mr Johnnie Johnson, main board director of BRIKAT GROUP and managing director of Pegasus Software, the group's principal revenue earner, has been appointed chief executive of Brikat Group. Mr Colin Stanley has resigned as chief executive to pursue other business interests but retains his seat on the Brikat board as a non-executive director.

★

From January 1, Mr P. Brind, general manager — European division, Westpac Banking Corp and Mr R. M. Thomas have been appointed chairman and secretary respectively of THE ASSOCIATED AUSTRALASIAN BANKS IN LONDON.

★

LEEDS GROUP has appointed Mr K. M. S. Todman to the board.

★

Mr Graham French has been appointed sales and marketing director and Mr Graham Plant has been appointed software director of ROLFE & NOLAN COMPUTER SERVICES.

★

NATIONWIDE BUILDING SOCIETY has appointed Mr David A. Beety as a director. He is a senior partner of Knapp-Fishers. He is chairman of J. Jarvis & Son and a director of British Caledonian Group. He is also chairman of Pegasus Homes Cost Build.

★

Mr Robert Matusiewicz has been admitted as a partner of BINDER HAMLYN in the Nottingham office.

★

STEELCASE STRAFOR has appointed Mr Charles Posnett as UK sales and marketing director. He joins from Cream Contracts.

★

At the annual meetings in 1987 it is intended to nominate Mr J. Peelen, currently chairman of UNILEVER'S business in Brazil, and Mr N. W. A. FitzGerald, currently financial director designate, as directors of Unilever PLC and Unilever NV. Mr K. H. Veldhuis, will retire next May. He is regional director for continental Europe.

## London Metal Exchange chief

Mr John Wolff, a director of Rudolf Wolff & Co, has been elected chairman of the LONDON METAL EXCHANGE and Mr Clement Danin, managing director of Charles Davis (Metal Brokers), has been elected vice-chairman.

★

TIPHOOK has appointed Mr Barrie Whipp to the newly-created post of group treasurer. He was group management accountant.

★

HONEYWELL CONTROL SYSTEMS has appointed Mr K. H. Urquhart as director of manufacturing automation. He was director of avionic and off-shore systems.

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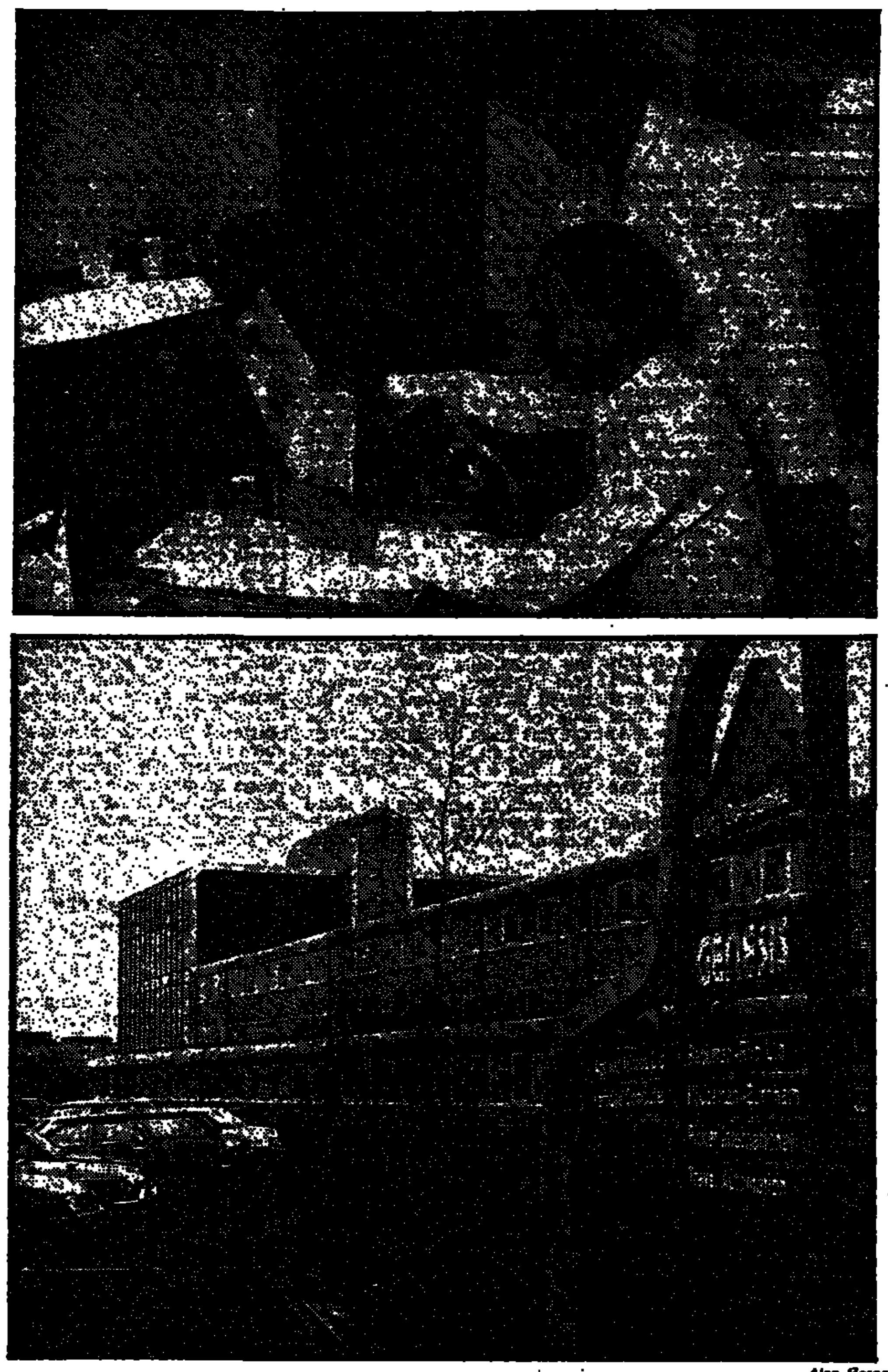
# FINANCIAL TIMES SURVEY

Tuesday, December 9 1986

# Science Parks

Increasing interest in the UK and many other countries is resulting in more of these modern sites. They may still have something to learn, however, from their American models.

## Building forges ahead



Alan Harper

Top: Electronics work at Highfields Science Park, Nottingham. Below: Nameplates at the Birchwood park, Warrington

**By Anthony Moreton**

FOR THE science parks movement 1986 has also been the year of the big bang. From Stirling to Southampton the number of high-technology centres associated with universities has gone up by a quarter and the number of tenants of the parks by a third.

There are now 28 managed science parks associated with colleges of higher education in the UK, most of them universities, with Bangor in North Wales, Queen's University Belfast, Bolton Institute of Higher Education, Birmingham, Brunel, Kent, Stirling and Swansea entering the rolls this year.

Another seven colleges—Aberdeen, a second centre in Cambridge, Cardiff, Keele, London's Imperial College, Sheffield and Sunderland Polytechnic—are in the course of constructing parks, with Keele on the point of opening its gates and three more expected next year.

On top of this, plans at varying stages of completion are being discussed at Essex, Portsmouth Polytechnic, St Bartholomew's Hospital in London, and Reading.

The explosion of interest in the parks themselves has been even more dramatic. Twelve months ago there were 288 tenants on the parks; by the end of last month that figure had shot up to 412.

And the amount of buildings in the course of construction is also forging ahead. The 206,000 sq ft of space being built adds to the 1.89m sq ft in existence, according to Mr Charles Monck, English Estates' business support manager.

"That represents a rise of 39 per cent on last year, bringing the total industrial and commercial floor space to well over 2m sq ft. It is a very healthy explosion."

In mainland Europe, there has been considerable activity in the past five years. Some 35 centres have been set up or are in the course of being built in West Germany, with firm proposals for another 40. More than 300 companies are on the parks, with West Berlin's Berliner Innovations und Grunderzentrum having quickly established an enviably high reputation.

The numbers in France do not match Germany though the movement is well established. Three technopoles (technology parks) were in existence before 1980 and they have been joined by at least another dozen, while the French would like to develop the whole of their southern coast into a version of California's Silicon Valley.

Belgium was also early into the field and had by the end of last year opened or planned to open about ten parks. The Dutch have been rather more cautious, having just two, though others exist from Scandinavia to Greece, with the Italians being keen proponents, especially in the deprived Mezzogiorno.

The surge has been reflected elsewhere. The idea has caught on in Australia and the Japanese have become increasingly interested.

Mrs Hilary Sunman, of the Currie and Sunman Partnership, who has undertaken detailed research work on science parks in Europe, says: "There are many different shades to this type of development in Europe.

"The phenomenon has grown almost explosively in the past five years developing from a common awareness throughout Europe of the final decline of the old European resource-based industries, changing manufacturing terms of trade with the oil-price shifts of the late 1970s and the increasing importance of new technology, and knowledge-based industry."

In 1980, she claims, there were just 10 science parks in Europe with about 400 establishments on them. By the end of last year these numbers had leapt to 47 and 890 respectively. "All countries shared in the growth but the outburst has been most dramatic in West Germany."

This is still a long way short of the United States experience where science parks began. The story is now fairly common knowledge. In the early 1950s the University of Stanford in California wanted to develop some land at Palo Alto and hit on the idea that if it were undertaken to high environmental standards, with a low density of buildings to land area, it could be particularly attractive to the new industries then emerging.

Two of the early tenants were a Mr Hewlett and a Mr Packard, who formed Hewlett-Packard, and the first of the great names to emerge from American science parks was born. It was not the only one: both Wang and Polaroid developed on these parks, of which there are now more than 80 in the US.

In the UK, the initiative was taken up a decade later when the then Mr Harold Wilson's government wrote to universities seeking their help to create high-technology centres capable of bringing in the electronic revolution.

The response was most immediate in Cambridge, and is always associated with Prof Nevill Mott, then occupying the Cavendish chair of experimental physics, and at Heriot-Watt University in Scotland.

The early British approach was more on American lines than subsequent developments in Europe, though eventually British policy has evolved more closely to that on the Continent.

The first British parks were inspired and funded by private organisations, while in Europe there was much more central and regional inspiration, especially in Germany and France.

Eventually, though, as the 1970s turned into the 1980s and British universities were placed under increasingly severe financial constraints, the second wave of science parks came to be increasingly funded by public bodies. This has moved to the point where Peat, Marwick, Mitchell, the accountants, estimate that 55 per cent of the capital involved has now come from public sources.

The Scottish Development Agency was among those early on to see the attractions of science parks, followed at a distance by the Welsh Development Agency and English Estates, the government's building agency for the English assisted regions.

Subsequently, local authorities became closely involved. Birmingham is associated, for instance, with the parks at both its universities. Bradford is connected with the Listerhills development at Bradford University and Leicestershire county council is involved with Loughborough University's technology centre.

Of the 35 parks in existence or soon to be completed only eight—the two in Cambridge operated by Trinity College and St John's College, Brunel, East Anglia, Heriot-Watt, Surrey, the Merseyside Innovation Centre and London's South Bank Technopark—now have local authority involvement.

By comparison, very few public companies have been associated with the parks, nor have the financial institutions been widely associated. The only major companies with links are Grand Metropolitan at Surrey, Barclays Bank at Warwick, Lloyds Bank at Aston, the Prudential at London's South Bank Poly, and Ciba, Geigy, Ferranti, Fothegill and Harvey and Granada Television at Manchester.

A survey by Peat Marwick for the UK Science Parks Association has shown that most of the concerns on the parks are small and were set up with private money. The long-held view that the way into business for a budding entrepreneur is by mortgaging the family home appears to have little basis among people starting science park enterprises.

Most of the *initial capital* came from private resources with bank overdrafts or loans a poor second. There was little venture capital money and the business expansion scheme hardly featured.

The survey was conducted among 149 companies on the parks and, for comparison, 80 in other locations. It showed that a quarter of those setting up in parks had moved from an associated university environment. Few of the entrepreneurs (7 per cent) were under 30—and few (12 per cent) were over 56. But almost without exception they were men.

About 85 per cent of the entrepreneurs had some form of higher education with over half that number having a first degree and a considerable proportion a higher degree. Among the non-science park companies survey, the proportion of managers with degree was lower, but not significantly so.

Three-quarters of the companies on the science parks had some form of contact with their associated universities and a

CONTINUED ON PAGE 2

Several recent additions to the number of university-associated British parks show that the concept is expanding.

# Britain's science parks

| University | Name | Contact | Partners with university | Open | Area (acres) | — Buildings — completed (sq ft) | — Buildings — under construction (sq ft) | No. on park |
|---|---|---|---|---|---|---|---|---|
| ABERYSTWYTH | Aberystwyth Sc Pk | Conrad Jenkins 0970 615779 | Mid Wales Development | Feb '85 | 6 | 12,000 | 10,000 | 6 |
| ASTON | Aston Sc Pk | Harry Nicholls Barbara Richards 021 359 0981 | City of Birmingham Lloyds Bank | 1983 | 22 | 121,500 | 27,000 | 42 |
| BELFAST: Queens Univ and Univ of Ulster | Antrim Tech Pk | George Dillon 0266 3655 | Industrial Development Board for Nthn Ireland | Nov '86 | 74 | 14,000 | 27,000 | 2 |
| BANGOR | — | Dafydd Jones 0248 354103 | Gwynedd CC Arfon BC | July '86 | — | 5,425 | — | — |
| BIRMINGHAM | University of Birmingham Research Park | Dr Derek Burr 021 471 4977 | Birmingham City | April '86 | 12 | 32,000 | — | 9 |
| BOLTON | Technology Exchange | David Bromley 0204 361706 | English Estates Bolton BC | April '86 | 2.5 | 25,000 | — | 10 |
| BRADFORD | Listerhills | Lawrence West 0274 733466 Phil Wilbourn 0302 66865 | English Estates Bradford City | March '83 | 11.75 | 64,700 | 28,074 | 26 |
| BRUNEL | Brunel University Sc Pk | Peter Russell 0895 72192 | — | June '86 | 6.4 | 46,000 | — | 8 |
| CAMBRIDGE | Cambridge Sc Pk | John Tweddie 0233 841841 | Trinity College | 1972 | 130 | 530,000 | 59,000 | 68 |
| DURHAM | Mountjoy Research Centre | David Rhodes 0642 765911 Dr Eric Howells 0385 64971 | English Estates | Oct '85 | 2.7 | 36,272 | — | 5 |
| EAST ANGLIA | University of East Anglia Sc Pk | Philip Lannigan 0603 56161 | — | Feb '84 | 12 | 10,000 | — | 3 |
| GLASGOW/ STRATHCLYDE | West of Scotland Sc Pk | Alasdair McNicoll 041 946 7161 | Scottish Development Agency | Sept '83 | 61.5 | 43,200 | 33,000 | 15 |
| HERIOT-WATT | Heriot-Watt University Research Park | Ian Dalton 031 449 5111 | — | 1972 | 56 | 270,000 | 20,000 | 23 |
| HULL | Newlands Centre | Phil Wilbourn 0302 66865 David Geekie 0482 46311 | English Estates Hull City C. | Dec '84 | 3.0 | 25,000 | 12,500 | 12 |
| KENT | Kent Research and Development Centre | Bernard Watts 0227 66822 | Kent CC Canterbury City C. | Feb '86 | 10 | 12,000 | 12,000 | 2 |
| LIVERPOOL | Merseyside Innovation Centre | Arthur Rimmer 051 708 0123 | Liverpool Polytechnic | 1982 | 2 | 15,000 | — | 12 |
| LOUGH-BOROUGH | Loughborough Technology Centre | Roger Say 0533 87131 Loughborough Consultants 0509 230426 | Leicestershire CC | April '84 | 3 | 22,000 | — | 17 |
| LONDON/ SOUTH BANK | South Bank Technopark | Jeffe Jeffers 01-928 2900 | Prudential Assurance | April '85 | 1.7 | 50,000 | 25,000 | 36 |
| LEEDS | Springfield House | Phil Wilbourn 0302 66865 | English Estates | June '83 | 1.96 | 32,200 | — | 11 |
| MANCHESTER | Manchester Sc Pk | Dr Tom Broadbent 061 226 1000 | Manchester City C. Ciba Geigy Ferranti Fothergill and Harvey Granada TV | Dec '84 | 15.5 | 24,000 | — | 11 |
| NEWTECH | Newtech | Dr John Allen 0244 822881 | Clwyd CC Welsh Development Agency | Dec '85 | † | 66,000 | — | 6 |
| NOTTINGHAM | Highfields Sc Pk | John Webb 0602 506101 Tony Edwards 0602 418561 | Nottingham City C. | Dec '84 | 18 | 31,000 | 15,000 | 14 |
| SOUTHAMPTON | Chilworth Research Centre | John Stuart-Buttle 0703 767420 Prof John Large 0703 559122 | Southampton Economic Development Corporation | 1984 | 26 | 46,000 | 30,000 | 15 |
| SURREY | Surrey Research Park | Dr Malcolm Parry 0483 579693 | — | 1984 | 70 | 190,000 | 140,000 | 10 |
| ST ANDREWS | St Andrews Centre | Marian Sherwood 0592 205171 Dr M. Shepherd 0334 76161 | Scottish Development Agency | Dec '84 | 0.74 | 12,000 | — | 2 |
| STIRLING | Stirling University Innovation Park | Ross Clark 0786 70080 | Scottish Devlpmt Agency Central Regional Council Scottish Metropolitan | June '86 | 14 | 13,000 | — | 5 |
| SWANSEA | Swansea Innovation Centre | Sidney Brailsford 0792 295556 | Welsh Development Agency | July '86 | 3.4 | 20,000 | — | 6 |
| WARWICK | University of Warwick Sc Pk | David Rowe 0203 418535 | Coventry City C. W. Midlands Enterprise Board Warwickshire CC | Feb '84 | 24 | 124,000 | 60,000 | 35 |
| | Total | | | | 590 | 1.89m | 498,574 | 412 |
| | | | UNDER CONSTRUCTION | | | | | |
| ABERDEEN | Aberdeen Sc and Research Pk | Philip Miller 0224 641791 | SDA Grampian RC Rbt Gordon Inst of Tech | June '87 | 60 | — | 12,000 | — |
| CAMBRIDGE | St John's Innovation Centre | Chris Johnson 0223 338627 | St John's College | July '87 | — | — | 37,000 | — |
| CARDIFF | Cardiff Technical Centre | Jeff Andrews 0222 499022 | South Glamorgan CC | Nov '87 | 1.5 | — | 18,600 | — |
| KEELE | Keele University Sc Pk | Dr David Cohen 0782 621111 | Newcastle under Lyme BC Staffordshire CC | Dec '86 | 15 | — | 20,000 | 4 |
| SALFORD | Salford University Business Park | Tony Wilby 051 933 2020 Geoff Mortimer 061 736 8921 | English Estates Salford City | Jan '88 | 5 | — | 41,000 | — |
| SHEFFIELD | Sheffield Sc Pk | Bridget Pemberton 0742 766755 Dr Jack Hobbs 0742 20911 | Sheffield City C. | Jan '88 | 5 | — | 33,600 | — |
| SUNDERLAND | Burn Park Tech Centre | Phil Calvert 091 487 4711 | English Estates Sunderland BC Sunderland Polytechnic | Dec '87 | 2 | — | 20,000 | — |
| | Total | | | | 107.5 | | 214,940 | |

† Part of Deeside Industrial Park.

A number of science parks are at the initial planning stage. These are to be built at: Aberdeen, Essex, Portsmouth Polytechnic, Imperial College London, Oxford, Reading and St Bartholomew's Hospital London.

Source: UK Science Parks Association

# Tenants hard to find

## Profile: St Andrews

ST ANDREWS, whose single building covers 12,000 sq ft, is one of the smallest science parks in the UK.

Although the University of East Anglia's park is actually 2,000 sq ft smaller, it sits in 12 acres of space. St Andrews, like Leeds' Springfield House, is a single building and occupies less than one acre.

There are other parks about the same size as St Andrews, such as Aberystwyth's Cefn Llan park and Kent's Research and Development Centre, though each of these is developing other buildings.

Stirling University's Innovation Park and Liverpool's Merseyside Innovation Centre are marginally larger. St Andrews's size record will be short lived, though. When Bangor, in North Wales, opens its park next year it will be *half* the size.

St Andrews has also had great difficulty in attracting tenants, which proves that a science park is not necessarily the answer to every university's prayer. In its two-year existence it has attracted two tenants, one of them only this autumn.

Stirling can beat that, having yet to secure its first tenant, but it opened only in June. There are other parks with relatively few tenants, such as Aberystwyth, Durham, East Anglia, Kent and Swansea, but St Andrews admits that so far the response has been "disappointing."

The St Andrews Centre, a single storey building opened two years ago at a cost of just over £300,000, stands in the lee of the famous gold course.

The centre is a joint venture between the university and the Scottish Development Agency, which has been keen to see new technology and innovative ideas emerge north of the Border. Unfortunately, industry has not associated this part of rural Fife with high-technology developments despite the obvious success of nearby Glenrothes and the difficulty in marketing the park that has caused disappointment within the SDA.

The idea for the park derived from St Andrew's University, which remains keen to draw in tenants. The centre opened in December 1984, with Longmans Cartermill taking 3,000 sq ft of space. Longmans remained as the solitary tenants until Industrial Electronics, a small concern, joined it this autumn.

Longmans produces a database for UK publishers and operates closely with the university, especially the computer laboratory. With about 25 workers the company is hoping to take another 1,000 sq ft. The other company makes electronic computers for pumps and is still in the early stages of establishing itself.

The centre itself has 12 units covering from 500 sq ft upwards. Unlike Warwick, it does not offer central services. It would be happy to let space to a company prepared to do so, though such a concern would probably not be willing to come until there were more tenants.

St Andrews is asking what the SDA describes as "exceptional value" rents. Space is available at £2.60 a square foot and although the centre was initially marketed with five-year leases the SDA is now talking about three years and might even consider a shorter period.

With attractive rents and the Old Course only a No 1 iron away, St Andrews seems to have more in its favour than industry appreciates.

**Anthony Moreton**

# Building forging ahead

CONTINUED FROM PAGE 1

third employed academics on a part-time or consultancy basis.

The survey, which is to be published by Peat Marwick, showed, according to Mr Richard Porter, that the companies were strongly locally based but that they saw their markets as national and international.

"They are far from being local firms. High tech is a national business and their participants see themselves in this national-international market.

"The companies see themselves as being strong on performance and reliability and producing or providing a unique product. But they also admit they are weak on promotion and marketing and on distribution channels. Too many of them feel they have to rely heavily on agents to sell their products."

American experience is that small entrepreneurs can grow big, sometimes very big, like Hewlett-Packard. That experience is more likely to be emulated in the rest of Europe than in the UK because there is a strong feeling among those who run British parks that they should be centres of technology transfer rather than mass production.

The early days of a Hewlett-Packard or a Wang would no doubt be viewed with great joy by any British park; later growth almost certainly would not. Managers of British parks would prefer their companies to move to other sites when they grow big.

This approach is far less prevelant in the rest of Europe. There, a go-for-growth mentality appears to be acceptable, even desirable.

# Science Parks 3

## The US

# Well-defined aims and management

IT IS DIFFICULT to establish how many science or high technology parks exist in the United States. Such projects may be described as a science park, research park, industrial research park, science or technology centre, or even an office park.

Often a concept which starts as a "science" park may subsequently accept light manufacturing, business services or offices. But much activity exists in true science or research parks dominated by research, engineering, prototype development and specific office or administrative activities.

Probably fewer than 200 free-standing research and development centres (science parks) exist in the US whereas the more common high technology park is a quality development allowing a wider range of activities including some production. Well-established successful examples are Stanford Research Park, Research Triangle, and projects on Route 128 in the Boston area.

Patterns of employment tend to identify such parks. Research activities, development and administration related to research may account for 25 to 35 per cent of all jobs. However light manufacturing and high technology production typically accounts for 35 to 55 per cent of all jobs.

The remainder, often over one-third of jobs in a high technology setting, are diverse with office and administration predominant. One of the most successful high technology parks accepts laboratories, offices, prototypes, research - related production, shops, banks, post offices and similar establishments.

Activities in a number of projects have been extended to include "common areas" for tenants. These include auditorium and meeting spaces, food service, office support, shared computer, reprographic facilities, and starter office space.

After their origins in the late 1940s—for example Menlo Park, California, in 1948—research parks gained momentum through the 1960s with 50 projects and a further 25 to 30 in the early 1970s.

Of the 81 research parks surveyed by Industrial Research Magazine in 1971, 27 were restricted to research and the rest were industrial parks with the emphasis on scientific activities.

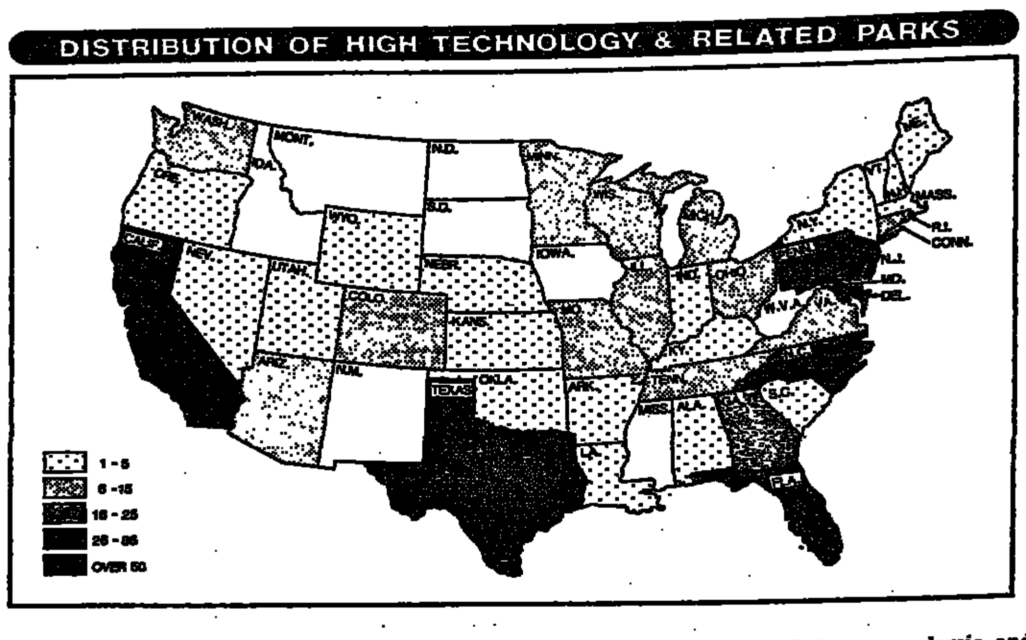
With renewed expansion in the last few years well over 150 quality science and high-technology projects have been identified. A number result from name changes by technological orientation of office/industrial parks (often purely a marketing device), reflecting the fact that many growth industries have site and structure requirements (and image consciousness) best satisfied by high-quality locations with a high tech (often campus) theme.

Such a development for high-tech activities is no longer a unique factor but represents a basic standard being demanded and supplied throughout the US. The availability of such settings for high-tech activities emphasises that "starter" and "incubator" spaces and services are more important here than in any other aspect of site development.

A review of successful research parks provides a lesson from history. The best known are relatively old and this reflects the long "lead time" for such projects. However, given the changed socio-economic, political and international conditions from the era of the original parks more than three decades ago, developers who simply try to replicate these early successes are most likely to be disappointed.

Most modern projects tend to be in or near suburbs and are highly land intensive. Median size may be about 200 acres but large-scale developments include Sterling Forest, New York with more than 20,000 acres, Research Triangle Park 5,000 acres, Huntsville Research Park over 2,000 acres, and University Research Park in Charlotte, North Carolina with almost 1,400 acres.

DISTRIBUTION OF HIGH TECHNOLOGY & RELATED PARKS




Recently, smaller scale successful developments have emerged as "innovation centres" or urban research complexes. These are often "vertical" research centres which in addition to providing space for evolving high-tech companies, usually in the administration or research area, also offer a wide range of services such as computer and library facilities, report reproduction and personnel.

Descriptions of criteria for high-technology locations focus on the "park" concept where projects emphasise campus settings, aesthetics and green space.

The most successful projects have the common characteristic of strictly-applied comprehensive covenants for both new and existing tenants. This is to achieve and maintain a high quality setting with rules governing permitted activities, building design, land use and density, traffic, landscaping and so on.

Such parks have very tight professional management structures, often with a clearly defined authority, full-time directors and staff, development-review committee and association of tenants. Such projects, parks of Advanced Performance Standard, reflect high-quality development in prime locations and command average land prices of over $100,000 per acre, compared to only $37,000 for less restrictive Moderate Performance Standard Parks.

Where restricted to "research and development," average prices for such parks rise to over £110,000 per acre compared to $108,000 for office use, and $50,000 for light manufacturing.

Further criteria for success include the essential ingredient of participation of a university or research institution which has strong engineering, science and maths programmes and research. Without a strong relationship between academia and industry the high technology park typically demonstrates a propensity to fail or shift to mixed use status.

Attitudes of university authorities may be crucial. Many world-class universities across the US have not led on to development of research parks or significant spin-off activities. It has become obvious that those universities or technical institutions which are especially supportive in their desire to work for a successful project and have requisite academic programmes, may have more potential than the "great" or well known universities.

In many cases high technology parks grow "in situ" through spin-off companies in research or consultancy, or production organisations involved with innovative products or processes. The growth potential associated with "spin-off" can involve a "chain reaction" where a rapid succession of businesses follow the first.

The availability of a wide range of incentives and supporting services is typically a prerequisite for success. These include financial programmes for seed money, venture capital, business development corporations, low-cost incubator space with shared equipment, research contracts, and local Chambers and development organisations providing technical and business planning support.

The role of the university should not be seen as "icing on the cake" as probably 80 per cent of the most successful high technology parks have a very well-structured functional tie to local education activities.

Support of organisations from the state or local community is often necessary to co-ordinate successful projects for newer centres and incubator facilities. One such project is the Advanced Technology Development Center (ATDC) on the Georgia Tech. Campus in Atlanta. This offers access to venture capitalists as well as to Georgia Tech. facilities and is primed by a $50m research and engineering budget.

Integration of industry and academia is seen in a new initiative at the University of Utah's 320-acre Research Park founded in 1978. The park is the Intermontane Research and Development Centre of "Bionic Valley." The nucleus comprises leading edge technology companies in advanced computer design, bio-technology, new geo-science, and academic research departments. An "in-situ" park development is Utah Innovation Center Inc. which aims to transfer technology from research stages to successful commercial application and joins with the entrepreneur to become a full business partner.

The centre has a network of resources and contracts with in-puts that involve a business plan, office and laboratory space, management and technology aid, and favourable finance terms for a young company. Small organisations in the scheme include biomedical, computer peripheral, and telecommunications businesses.

As a major leading edge sector, micro-computer companies offer a portent for future patterns of location by high technology. The most notable concentration is in the Pacific region where over one third of micro companies are located.

Elsewhere, four of the southern tier of New England states (New Hampshire, Massachusetts, Vermon and Connecticut) are prominent in micro-computer locations. Among university-dominated metropolitan areas with a high per capita ratio of microcomputer companies are Ann Arbor—Michigan; Madison — Wisconsin; Austin—Texas; Raleigh/Durham—North Carolina; and Champaign—Illinois.

Research centres with high levels of micro computer companies are Melbourne, Florida (Cape Kennedy Space Center), Santa Barbara, California (Rand Corporation), and Nashua, New Hampshire (Digital Equipment Corporation).

The dominant locations of high-technology industry may be related to six principal factors: intellectual base, nucleus for scientific activity, accessibility, aesthetic appeal ("quality of life"), supporting services and sites. Suburban metropolitan locations have developed to form "mega-tech corridors" with clusters of business and technology parks oriented to R & D.

The best-known corridor is the long-established but still growing Silicon Valley, which extends in a crescent-shaped area from Palo Alto to Milpitas at the southern end of San Francisco Bay. Elsewhere one of the emerging multipark developments is the Tennessee Technology Corridor, planned to sprawl over 16 counties in the Knoxville-Oak Ridge region.

In an era of increased competition and specialisation, the old axiom for developers of successful high-quality parks: "location—location—location," needs to be restated as "location—market research—development—marketing—management financing!" It is the need for a complete package based on these principles which can determine the successful research park projects. This provides the most obvious lesson from experiences in the US.

**Raymond Towse**

*Dr Towse is Senior Lecturer in Geography at Kingston Polytechnic and a researcher in industrial development in the US.*

## Japan

# Seeking the cutting edge

THERE ARE no science parks in Japan though plans were submitted to the government for the first one earlier this year. Currently what exists are technopolis, similar in concept inasmuch as they are a mixture of industry and academia co-operating in R&D. And Tsukuba Science City, built in the 1960s.

Tsukuba, where manufacturing is banned, is made up of two universities and 40 or so government research and educational institutes. It has only seven private institutes—ICI is planning to be number eight when it builds its research centre.

Tsukuba's raison d'etre is pure research and education, not R&D for commercial exploitation—commercial R&D and pure science are two separate things in Japan. Traditionally Japanese industry has been at the forefront of R&D, with the universities supplying people to the companies' research centres rather than ideas.

Technopolis is a relatively new concept born, at least as far as government participation is concerned, in 1980. The hope is that it will be at the cutting edge in creating the new technologies. But in reality, critics say, technopolis is an elaborate job creation scheme, biased in favour of the high-tech industries.

However, it is an attempt by the Japanese government to create new industries and technologies before its traditional industrial base is entirely eroded—thereby forestalling the sort of industrial decline experienced in Britain.

Even if, as the Research Institute on the National Economy (Rine)—Japan's biggest private economic research organisation—says, the technopolis project will have no effect on the Japanese economy as a whole, regional economies in which technopolis exist will benefit. At the very least, for those employed there, it will be better than doing nothing.

There are 18 technopolis partially in existence, overseen by the ubiquitous Ministry of International Trade and Industry (Miti). It is hoped that these centres will continue to expand into the 1990s. Significantly the programme is controlled by Miti's Industrial Relocation Division, and not the Science Division.

Funding comes from local government and industry — the co-existence of which is called the third sector. Companies are induced by tax breaks and cheap loans. But one of the problems technopolis face in fulfilling their technological promise is that people do not wish to live far from the major metropolitan areas.

In an effort to deal with this problem, all technopolis are built adjacent to a "mother city" of 200,000 or more, so that they have the convenience and amenities of a modern city.

Miti says they should be located close to an airport or a major railway station to enable round trips to Tokyo, Osaka or Nagoya to be completed within one day. It also hopes to fill the centres with graduates from the country's best universities who wish to return to their hometowns.

A day's commuting distance to Japan's major cities effectively limits the technopolis to south and central Japan. The northernmost province of Hokkaido, which is suffering the brunt of Japan's growing unemployment, has only one project.

Centralised planning of regional development projects is not new. Previous regional industrialisation programmes were built around the heavy industries such as steel, non-ferrous metals, oil refineries, and chemical plants.

Miti has identified the following industries as those most likely to grow between now and the 1990s: aircraft, space, optics, biotechnology, medical electronics, industrial robots, integrated circuits, computers, word processors, new metal-based materials, fine ceramics, medicines and medical supplies, high-tech industrial machinery and software.

It estimates that demand for microchips and industrial robots is likely to grow between four and sixfold.

But Rine questions whether the new technopolis will be able to attract good enough R&D personnel to create the new technology. Rine says that only three of the projects have good enough R&D operations which are capable of developing new technology: Kumamoto in Kyushu, Hamamatsu in Kanto, and Utsonomiya also in Kanto. The last two are only a couple of hundred miles from Tokyo.

Kumamoto technopolis is made up of a city, three towns and two villages. Its industrial complex consists of biotechnology, computers, and information systems. Its R&D is focused around electronics.

Hamamatsu has one city and two towns, with its industrial base consisting of the following industries: photographic, mechatronics, information, communication and home entertainment. Its R&D operation has a photo-information technology integrated research centre, an electronics centre and a medical research centre.

Utsunomiya is also a one city, two town project. Its industrial complex is based on mechatronics, electronics and chemicals. And its research will concentrate on mechatronics.

The Tokyo-Yokohama, Nagoya, and Osaka-Kobe metropolitan areas sprawl into each other. Although they account for only 5.3 per cent of Japan's land area, a third of its 121m population lives in these regions—with almost 40 per cent of all the factories.

The simple fact that there is no industrial room in Japan's most populous (and popular) regions will force people to look elsewhere, Miti hopes. The government says it is keen to steer foreign companies in the direction of technopolis.

And when Texas Instruments set up in Oita, Kyushu, the government followed it and set up a technopolis.

The Japan Development Bank says it is anxious to lend construction money to foreign companies wishing to build factories in technopolis. Certainly the government sees the foreign companies' presence within them as a way of killing the proverbial two birds: opening the Japanese market to foreign companies, and at the same time attracting the sort of industry it wants where it wants it.

And perhaps creating the sort of technology it will need in the 21st century.

**Lisa Martineau**

Europe

# Rapid growth and different views

WITHIN continental Europe science parks are largely a child of the 1980s. Some, such as France's big complex at Valbonne-Sophia Antipolis, were in existence well before then but there has been a big surge in activity in the last four years.

For instance, the first Nordic park, Oulu Technology Park in Finland, opened its doors only last year.

Growth in the last few years has been rapid. France was early into the field and had three major technopoles, or technology parks, in the second half of the 1970s; it now claims to have at least 13.

A rash of openings has taken place in West Germany, with the famous West Berlin innovation centre Berliner Innovations-und Grunderzentrum (BIG) and its next-door-neighbour Technologie-und Industriepark (TIP), in the van. Over the past five years the Germans have opened about 20 parks, have more than a dozen others which are being planned and there are proposals for at least 35 others.

Nor does the list stop there. Belgium, also early into the field, has eight parks and plans for two others. The Netherlands has been relatively slow to develop parks, having only three but Italy is pressing on with a number of parks, hoping to bring high-technology companies and jobs to areas which are economically depressed, especially in the south. Greece is also well into the movement.

The thinking behind science parks is different in each country and few have the same concept of technology transfer allied to university research that exists in the UK.

Many of the parks have grown very quickly and now claim large numbers working on them —at Sophia Antipolis there are said to be about 5,000 people employed, while Berlin's BIG has acquired over 30 companies (about half the number at Cambridge) and is now full. Some outside observers have doubts on how many of the claimed 5,000 people are actually working on technology transfer at Sophia Antipolis.

Within the rest of Europe there has been much more Government input than in the UK, where apart from the early stimulation and encouragement of (the then) Mr Harold Wilson's Labour administration in the late 1960s, there has been relatively little official support.

According to Mrs Hilary Sunman, of the Currie-Sunman Partnership, in Cardiff, who has made a study of science parks, the private sector has played a relatively minor role in Germany while the government has played an important one.

"The role of government in initiating science parks has been crucial. The development of technology-based firms is a central part of federal and regional government economic strategy and very much influenced by government actions."

She finds central intervention elsewhere, too. "Financing of infrastructure for French technopoles has been almost entirely through the public sector. Although in some places there was initial interest in a technopole from local research or higher education establishments, the initiative has always been picked up by local authorities with the support of central government."

Elsewhere, the story is similar. In the Netherlands Mrs Sunman found "recent growth of interest in science parks evolved partly from central government's increasing interest in regional planning."

And in Belgium "most of the science/research parks are developed through the local authority, usually the local regional development corporation."

The German interest in science parks has undoubtedly stemmed from a realisation that the country was lagging seriously behind both the US and Japan in the field of technological innovation. Japanese work in, for instance, watches (based to a large degree on British quartz technology) or American on semi-conductors, had left the Germans feeling that their strong engineering tradition and reputation was no longer sufficient in itself.

The French had a more regional approach to new technology. They wanted to develop much of the southern coast-line of France into a technological home for 21st-century industries—a Silicon Valley from Toulouse to the Italian border.

Similar differences exist elsewhere. Belgium has consciously sought to attract research-oriented companies to its parks whereas the Dutch have sought local initiatives.

While Belgium can now boast incoming companies such as Digital, Honeywell, Wang, IBM and Monsanto from the US, West Germany's Nixdorf and Japan's Terumo and Yamazaki, the Dutch, Mrs Sunman says, have sought to develop the commercially exploitable activities of the universities.

Whereas the parks in Belgium support over 6,000 jobs there are probably no more than 750 in Holland. The average size of a Belgian factory is about 70 employees — and much larger in the blue-chip multilaterals — that in Holland is around 10.

Belgium can claim with some justification to have been ahead of the game in recognising the need for science parks. By the middle 1970s it had four — Evere-Brussels, Leuven-Aasrode, Liege and Louvain.

However, only the latter is really deeply involved with technology transfer and would really qualify for the appellation science park. The park is next to the university, with close links to academic life.

Americans would be aghast at any attempt to differentiate, as the British do, between science and technology parks, but in British terms the other Belgian parks are undoubtedly places where technological work of a high quality goes on.

The German parks look much more to technology transfer, though because of the big regional input they do tend to draw a much clearer distinction between those parks mainly involved in technology transfer and those where the prime emphasis is on the formation of new companies.

The German parks also have one other distinguishing feature: a large proportion of them have been set up in converted buildings.

According to Mrs Sunman, only five of the established centres—Dortmund, Hamburg HTC, Heidelberg, Stuttgart-Pfaffenwald and Syke are in new, purpose-built premises. Even the newer, nearly completed centres follow a similar pattern. Out of 14, only Bremen and Cologne are newly-built.

Although Sophia-Antipolis is the best-known French park, with IBM and Hewlett-Packard among its tenants, it was not the first to be formed: that honour goes to Zirst de Meylan in Grenoble. This park now has about 150 tenants which have created some 3,500 jobs.

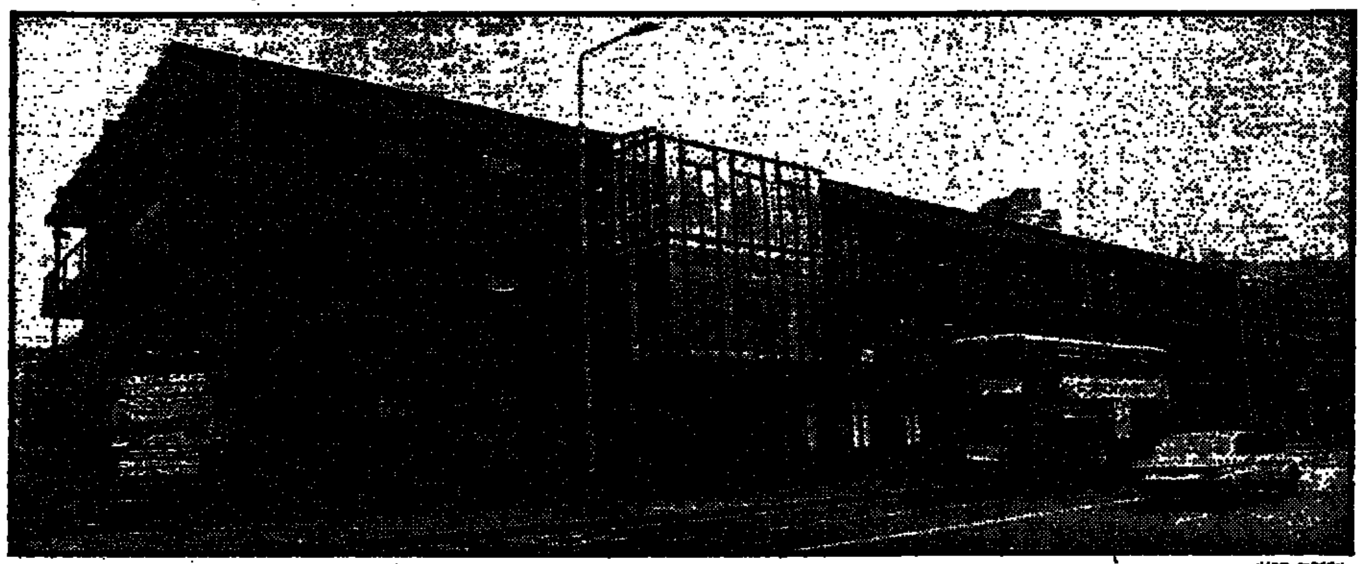
The early French parks were all financed publicly and there has been strong Paris-commitment to the others, which now include Lyons, Bordeaux, Metz, Marseilles and Paris itself.

"The technopole is a much more diffuse concept than similar developments elsewhere in northern Europe," Mrs Sunman says. The early parks were relatively pure in concept and applied largely to areas with high scientific and technological content.

It has become clear, though, that more recent developments have seen the technopoles act as a catalyst for regional development.

These differences with continental European parks have meant that the science park movement has developed in a number of different ways. To a large extent, the directions have evolved as a result of central government decision-making.

**Anthony Moreton**



Alan Harper

South Bank Technopark: putting in the fourth ingredient — property management

Property

# Conflict of interest on rents

PROPERTY may be a secondary consideration in the world of ideas. But promoters of a science park, technology transfer or innovation centre have to come to terms with the cost of land, buildings and maintenance.

Frank Eul, partner in charge of development consultancy at Debenham Tewson and Chinnocks, says that debt charges arising from the capital cost of a building, or series of buildings, may be as great, if not greater than the cost of the management and operation of a science park itself.

In February 1985, when he put these considerations to an international conference on science parks and technology transfer centres in Europe, at the University of West Berlin, he said that finance for science parks would not come from property investing institutions, and that existing private sector sources might well dry up.

He saw an inherent incompatibility between the landlord seeking to maximise his return and the occupier looking to minimise occupation costs. His alternatives included the public sector and political initiatives: and his ideas have not changed a lot in the period since then.

"Money is not coming and is still not likely to come from conventional sources," he says now. Barclays Bank has financed the Warwick Technology Centre, and Prudential Assurance the South Bank Technopark in London's Elephant and Castle district. "But it is fair to say," Mr Eul, maintains, "that these two are not providing normal investment returns."

What has changed for him, since early 1985, is the direction of the argument. People then saw their scientists turned businessmen in idyllic campus settings. That territory, or the best of it, is being gobbled up by high value business park developments which, he says, are designed for the established company which is in mass production.

Science parks are for small companies engaged in product research and prototype development, should be close to an institution of academic excellence and should provide practical help such as advice on accounts, patenting, how to set up a company.

This need has been affected, he says, by practical experience in Enterprise Zone development, and will continue to be affected by initiatives which bring public and private capital together in urban regeneration.

The prototype for this idea is clearly the South Bank Technopark which has a chief executive, in Mr Jeffe Jeffers, who focuses deliberately on the practicalities of property development and management.

SBT has a 15-year management contract with the owners, Prudential Portfolio Managers, and a 15-year technology agreement with the South Bank Polytechnic next door which provides main frame computer and test facilities . . . "or a bit of R & D if we want it done."

Inner London, he says, has good research, a high level of graduate output and plenty of money. "Our job is to put in the fourth ingredient — real estate— and manage it."

SBT is not romantic about its role. It wants companies which have technology which is close to being ready for market, certainly near to prototype and have a business plan which involves putting product on market from the Technopark. Companies come in on a monthly licence and will be allowed to stay no longer than three years.

"We have 22 applicants for every space we let," Mr Jeffers says.

SBT, a non-profit making company, believes that London has the capacity to regenerate itself through new technology industries in the way that Boston and Philadelphia have done in the US.

It would like to see another six technoparks in Inner London. To that end, and through a local enterprise agency called Science City, it plans a conference* in July 1987 called "Technology and the Future of the City."

Meanwhile, it operates an intensive management system at the South Bank park. "We're very hands on," Mr Jeffers says. "You've got to manage a building which is let on monthly licences."

The South Bank building, currently U-shaped and soon to be quadrilateral, provides a total of approximately 74,000 sq ft net on three storeys, divided into units ranging from 200 sq ft upwards. It opened officially at the end of last year and Prudential Assurance, says Mr Jeffers, announced a 23,000 sq ft extension on the day that it opened.

The "Pru" says that it invested £4½m in the first phase and that the second is expected to cost about £1¾m. Development surveyor Mr Richard Gay says that returns are going to improve considerably between phases 1 and 2, but will not be drawn on market speculation that the institution is currently taking a 7½ per cent return on its money.

However, the largest real estate and manufacturing industry investor in the UK, and one of the largest in the technology industries, "Pru" may well have seen the Technopark investment as part of a necessary learning process.

Science parks have been fashionable for the past five years as an avenue for the socially-conscious investor. They may be overtaken in the next couple of years by inner city regeneration. If so, the Technopark will have killed two birds with one stone.

It will not have made the return on capital that its location and use would indicate. But there are observers who question whether it was designed to do so. The building, they say, is built to office standards, which would have given the "Pru" an alternative use if the science park had failed.

It is also let at £12.50 to £13.50 a sq ft. Mr Jeffers, perhaps looking ahead, says that he has seen cheaper buildings north of the City letting at £22 to £24 a sq ft.

He says, once again, that his organisation sees no major problem in building, or letting inner city science parks around Central London. The problem will be in finding an ultimate home for the investment—an owner who will assume the equity risk, and the management obligations.

Frank Eul thinks the public sector could help: with money, or by encouraging developers to build innovation centres as a quid pro quo for planning consent on major commercial projects. The trick will be to get local politicians to think along these lines; in the past they have plumped for libraries, swimming pools, or leisure centres.

** Science City is at the South Bank Technopark, 90 London Road, London SE1 6LN. Tel: 01-928 2900.*

**William Cochrane**

**Anthony Moreton** profiles a number of British parks and contrasts the differences of approach.

# Second base at Cambridge

## St John's Innovation Centre

BUILDING WORK on the second science park—innovation centre in Cambridge is now advanced and St John's, the college sponsoring the centre, hopes to have completed all the construction work and be ready to admit tenants by July.

Although the college has not been actively marketing the project, word has spread and Dr Chris Johnson, the bursar, believes he will have the signature of the first tenant, a biotechnology concern from outside the city, early in the New Year.

When the St John's Innovation Centre is open Cambridge will be in the unique position of having two parks. Some universities, including Oxford, have still to put up one but from next year Cambridge will have two, side by side on the edge of the city.

Cambridge Science Park, operated by Trinity College, has been in operation since the early 1970s and is without doubt the most successful of the British parks. It has 68 tenants and the existing buildings cover 530,000 sq ft with another 59,000 sq ft under construction.

St John's Innovation Centre will be very different. It is a single two-storey building covering 37,000 sq ft divided into as many as 40 units, each ranging from a miniscule 200 sq ft to no more than 1,500 sq ft.

The intention is that the centre should be a place for seed-corn ventures though, since it will be impossible to fill the place immediately with such concerns, some of the early tenants such as the one now in discussion with Dr Johnson, will be existing ventures.

The idea for the centre came from two main sources. Dr Johnson had been looking for ways to develop a plot of land—which happens to be opposite the entrance to the Cambridge Science Park — other than through the usual property-development routes. Interested in the science-park concept he visited the US to see if the idea could be transplanted to this particular site.

Independently, Dr Bill Bolton, a fellow of Wolfson, was looking at ways in which his students could develop their ideas in a commercial setting. One of the main problems was a place in which to work; another, almost as important, was the start-up capital. The two men fused their ideas and out of them emerged the innovation centre.

The centre itself, costing more than £2m will offer central services on a pay-by-use basis. It will also have variable leases which will make it easy for the young company to move elsewhere if it outgrows its premises.

The problem at the moment is to find the necessary financial backing for the venture. The college has funded the development but is looking for some form of partnership with the financial sector. It will participate in the management of the centre and possibly even the provision of finance but would like to share this burden.

Unfortunately British institutions have a reputation for being less than adventurous when it comes to backing ideas or people. They like to have a track record on which to make investment judgments and St John's Innovation Centre intends to appeal to the person who might not immediately have a commercial curriculum vitae.

"This is a very difficult area to resolve," Dr Johnson admits. "There is a gap between bank loan finance and equity capital or venture capital and we are looking for ways to bridge that gap.

"We have had talks with a number of potential partners and we are about to restart them in the new year. I hope something may come out of them."

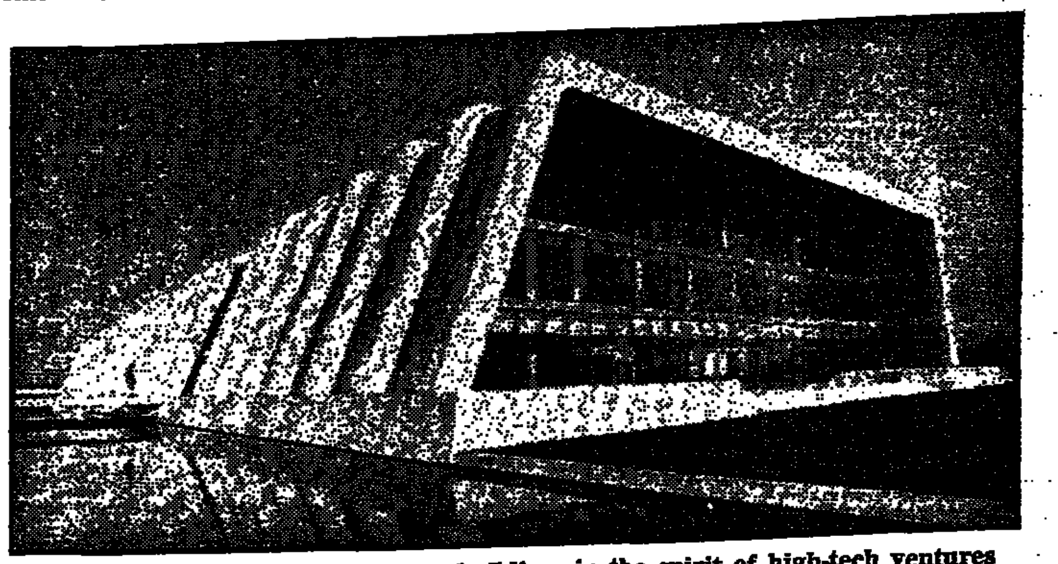
The college is to take a much more interactive partnership with the centre and its tenants than is the case with many of the other British science parks. Many of its fellows are expected to make themselves available to advise the young companies and act as a bridge into university departments.

Any entrepreneur thinking of going commercial will have to weigh up the merits carefully because the rents will be among the highest in the country.

St John's expects them to be set at between £8 and £9 a sq ft, the going rate for quality property in the city. Only Brunel and Surrey are thought to charge higher rents on science parks and while these two have not suffered unduly from these levels they are both appealing to a different market.

St John's is hoping to attract the single-person operation and that individual might have to find more than £100 a week in rent, rates, communal and service charges, a steep bill for any new operation to face.

On the credit side, the unrivalled facilities of one of the greatest science-oriented universities in the world will be on the doorstep. The price may be high but the potential returns are probably even higher.



The distinctive Napp Laboratories building: in the spirit of high-tech ventures

# Companies attracted from US

## Birchwood Science Park

PROOF THAT it is not always essential for an area seeking to attract high-technology concerns to be associated with a university comes from the Birchwood Science Park in Warrington.

The park is a commercial development, established by the New Town corporation in 1976 and, as such, would not qualify for membership of the UK Science Parks Association. But commercially it has one big plus factor: it also houses the home of British Nuclear Fuels (BNFL), which has acted as "host" to a number of companies that have close links with it.

Mateval, for instance, a British concern, was set up by people who used to work either for BNFL or the UK Atomic Energy Authority. It manufactures machinery used to test equipment in the nuclear industry.

Others with close links include Principia Mechanica, a firm of British engineering consultants, and an American concern, Constructions Systems Associates. CSA is a consultant to the US nuclear industry and moved part of its operations to Warrington specifically to be near to BNFL.

The science park, which has expanded into three separate areas over the past decade, has a number of American concerns, reflecting the emphasis that Warrington-Runcorn Development Corporation has placed on attracting companies from the US.

The first two companies to set up on the park, Engineering Polymers, part of the US General Electric corporation, and Instrumentation Laboratory, were both American.

For the Americans Birchwood has echoes of home. The originators of the park were inspired by American experience and their decision to build in this part of the North West of England followed a visit to the US.

They were impressed by American models of high-quality landscaping and advanced achitecture and while it was possible to find such layout and design at Cambridge in the early 1970s it was still not common in the rest of the UK. The managers were ahead of their time in 1970 because there were only two university science parks in existence when Birchwood began.

The originators also deliberately chose a site that backed on to the Atomic Energy Authority to provide the possibility of high-technology links that were, at the time, being talked about with enthusiasm.

A greenfield site of some 75 acres was chosen since the corporation wanted to develop sophisticated industries in this part of the town. They were pleased, and not a little surprised, when the site was filled within about five years.

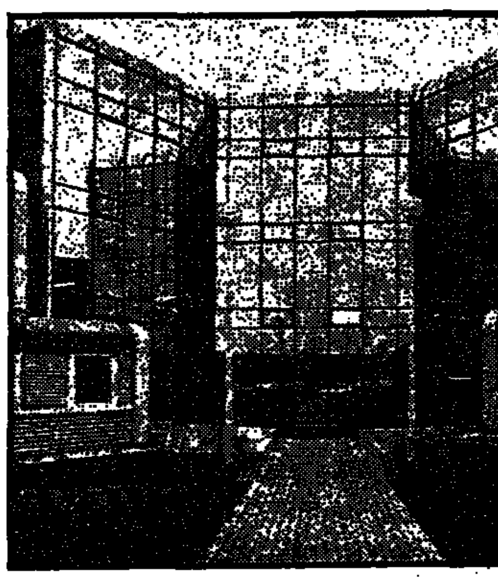
To meet the continuing demand for premises the authorities pushed ahead with a second phase which, because it was about three-quarters of a mile away, was named Birchwood Boulevard.

This, too, filled rapidly and if negotiations with two international companies come to fruition, the corporation will soon be looking at a third phase.

The development corporation's Roy Meredith claims that the success of Birchwood Science Park and Birchwood Boulevard, which have attracted around 75 companies and over 3,500 workers, is due in large part to Genesis.

This is an office complex comprising 110,000 sq ft, opened in 1979, and sub-divided into units ranging from 500 sq ft to 5,000. The intention, according to Mr Meredith, was to provide accommodation for people ranging from starter companies, "the sort of people who might be working out of their back bedroom," to the established concerns.

"Genesis was designed as a spawning ground, and has already more than fulfilled our expectations. Companies, such as Gould Electronics, Applied Micros, another American concern, and Applied Micro Drives have developed and moved on to bigger things."



Glass walls at Birchwood's greenfield site

# Taking flexible approach

## Newtech Science Park

THE NEWTECH Science Park in Clwyd, North Wales, shares with Bolton's Technology Exchange the distinction of being the only members of the UK Science Parks Association with no relationship with a university.

Its academic *alma mater* is the North East Wales Institute of Higher Education, which has, since its inception in 1975, established a reputable name in the field of biotechnology and health care.

It owes this pre-eminence mainly to its principal, Prof Glyn Phillips, who took from Salford University many of the research skills that have linked with the local health services in particular. Besides biotechnology it also has an international reputation in hydrocolloid technology, in photochemistry and in food and pharmaceutical chemistry.

The park itself owes its birth to Clwyd County Council. Anxious to put advanced industries into the area after the closure of a large part of the Shotton steelworks, the council won the support of the Welsh Development Agency and the college to set up the park.

Agency involvement, as with the Scottish Development Agency north of the Border, was then in its formative stages. It has since been extended, with University College, Swansea, and its counterpart, Mid-Wales Development, is associated with the University College of Wales at Cefn Llan Park, Aberystwyth.

Development took three years and Newtech opened its doors exactly a year ago. The heart of the park is the Newtech Innovation Centre, owned by Clwyd County Council and providing 24,000 sq ft of space for a range of consultancy firms as well as offering access to the college's laboratories and the council's industrial development unit.

The other three buildings have been designed to provide flexibility. One can be divided into units ranging from 600 sq ft, while another, totalling 10,000 sq ft, has been taken by Biokits, a company making immuno-assay food-testing kits and part of the Grand Metropolitan hotels group.

Another building is shared by Fairview Computing Systems, which writes and produces business software, and C-Tech, active in the microprocessor control of marine engines for fuel economy in chemical processors.

Buildings amounting to 69,000 sq ft have so far been put up, on about six acres. Newtech is unusual however, in that it does not at present have a definite boundary.

It is housed on the Deeside Industrial Park set up following the Shotton steelworks closure and therefore has ample space for expansion. A decision on whether to expand rests with the Welsh Development Agency.

Newtech has quickly established an enviable reputation not only in this part of North Wales but internationally, partly because of the work done by the institute in specialised medical and pharmaceutical fields. It has contributed significantly, if in a small way, to improving the economy of North Wales.

# Satellite centre to university

## Silwood Park

THE LATEST to join the movement is Imperial College, London University, which is joining forces with 3i to develop Silwood Park at Ascot.

Given its pre-eminent standing in the world of scientific research and teaching, it is perhaps a little puzzling that Imperial should have taken so long to set up a science park; but part of the answer may be found in its location in South Kensington, in the heart of London, where there is no land for development.

That location gives Imperial's Silwood Park a unique claim, for it must be the park most distant from its parent college. It is 29 miles away, whereas Leeds is in the centre of the university buildings, Bradford's Listerhills a short distance away, and the Cambridge Science Park about two miles away from Trinity College.

The intention is to build a £5m research and development business park, with 70,000 sq ft of actual building space.

Silwood Park will be a post-graduate research base built around a country house set in 250 acres of parkland. Building work has started on the site and it is expected that the units should be ready by next July, about the same time as St John's Innovation Centre in Cambridge.

A 23,000 sq ft technology transfer centre, let in small seedbed units, will be at the heart of the development. The remainder of the site will be developed to provide six detached units ranging from 4,250 sq ft to 12,000 sq ft.

Although it is 29 miles away from Imperial College itself, which makes relations between tenant concerns in the park and the college more difficult, the Silwood Science Park is not far from Bracknell, a London satellite town that has attracted a fair amount of high-technology industry.

# US-style business park

## Aztec West

AZTEC WEST is one of the older of the commercial brand of technology and business parks. It was set up by Electricity Supply Nominees in the late 1970s on a site alongside the M5 motorway at the northern approach to Bristol and has become a highly successful development.

According to the guidelines laid down by the UK Science Parks Association it is not a science park: it is not involved specifically in technology transfer and it has no direct links with its home-town university or polytechnic—neither nearby Bristol nor neighbouring Bath.

It is reasonably akin, though, to those American parks which have proliferated and provided a high-technology base for a number of companies involved at the top end of the technology business.

In the case of Aztec West, it has managed to attract a large number of businesses concerned with advanced technology on to its park.

Strictly, it markets itself as a business park but it is laid out and managed to the same sort of standards that are to be found at Cambridge, Warwick or Heriot-Watt.

When Electricity Supply Nominees began development in the late 1970s it acquired 170 acres and by the time the necessary infrastructure—especially a ring road—and the environmental details had been added the financial institution was left with 126 acres of developable land.

Some 45 acres have been developed so far, attracting a large number of high-technology concerns. It houses the UK research and development headquarters of Inmos, now part of the Thorn-EMI group. It also houses branches of Digital, IBM, Data General, Benson Electronics, Texas Instruments, STC, ICL, and Mercury Communications.

But, like so many US science and technology parks, it does not attempt to be exclusively "scientific" or "high technology." Tesco occupies a very large site—50,000 sq ft—with a warehouse and distribution centre. Wiggins Teape has several sites and will rationalise early in the new year on a 70,000 sq ft building.

Another arrival is the South Western Electricity Board, which is moving its headquarters unit on to a 4½-acre site, occupying 60,000 sq ft of office space.

Aztec West started out by attempting to attract high-technology concerns on a letting basis. More recently, it has been selling sites to companies engaged in a much wider range of activities.

From its origins as a forerunner of high-technology end users it has turned into mixed use of high-quality concerns on a site managed to high environmental standards. Almost a third of the area has been given over to laid-out grounds, roads and other services.

One other change over the past six or seven years has been a move away from lettings to direct sales. There is now less emphasis on building and letting speculative factories and more on selling plots for companies to put up their own buildings.

Lettings are not completely ignored. One office block of about 25,000 sq ft should be completed by next April and will be on the market at about £8 a sq ft, slightly less than rents being commanded in prime city-centre locations.

Some warehouses or industrial buildings are also being put up, at rates ranging from £3.50 to £4 a sq ft for the larger ones, to £4 to £4.50 for smaller ones. These rents do not compare very favourably with those in the golden triangle on the western outskirts of London but they are well above levels in most of the rest of Britain.

When Aztec West was in the initial planning stages almost a decade ago the local authorities hoped that a quarter of the space would be allocated to office buildings and the rest would be divided fairly evenly between warehousing and industrial use.

Market forces have pulled in other directions. So far, some 235,000 sq ft of office space has been committed and about twice as much warehousing/industrial development. But in recent years the amount let or sold for warehousing has taken an increasing share and it is significant that of the two big developments undertaken recently—Tesco and Wiggins Teape—warehousing has been the major component.

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# AUTHORISED UNIT TRUSTS

# FT UNIT TRUST INFORMATION SERVICE

**Abbey Unit Tst. Mngrs. (a)**
80 Holdenhurst Rd, Bournemouth 0345 717373

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| **High Income** | | | | |
| American Income | 48.3 | 51.5 | +0.1 | 3.12 |
| Gilts & Fixed Int. | 104.0 | 110.0 | −0.3 | 10.91 |
| High Inc Equity | 94.9 | 100.9 | +0.5 | 5.15 |
| Worldwide Bond | 201.9 | 214.7 | | 4.52 |
| **Capital Growth** | | | | |
| American Growth | 159.9 | 170.0 | −0.9 | 0.83 |
| Asian Pacific | 60.7 | 64.5 | | 1.75 |
| Assets & Ethgs. Tst. | 106.1 | 112.8 | +0.1 | 2.53 |
| Capital Reserve | 45.4 | 45.8 | | 1.53 |
| Commodity & Engy | 95.1 | 101.1 | +0.9 | 1.13 |
| European Capital | 103.3 | 109.8 | −0.4 | 1.16 |
| General | 135.3 | 143.9 | +0.8 | 2.95 |
| Japan | 80.2 | 85.3 | +0.8 | 0.0 |
| Mastertrust | 68.2 | 72.5 | +0.1 | 2.26 |
| UK Growth Acc Units | 148.8 | 158.2 | +0.9 | 0.99 |
| UK Growth Dist | 102.9 | 109.4 | +0.6 | 1.45 |
| U.S. Emerging Co's | 56.3 | 59.8 | | 0.00 |
| Capital Prop. | 203.1 | 216.0 | +0.9 | 3.34 |

**Allied Dunbar Unit Trusts PLC (a)(g)**
Allied Dunbar Centre, Swindon, SN1 1EL
(0793) 28291. Dealing (0793) 610366

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| **Balanced Trusts** | | | | |
| Growth & Inc Trust | 130.3 | 138.1 | (2) | 3.20 |
| Capital Trust | 217.9 | 231.0 | (2) | 2.99 |
| Balanced Trust | 348.2 | 369.1 | (2) | 3.59 |
| Accum Trust | 537.5 | 570.6 | | 3.33 |
| **Income Trusts** | | | | |
| American Income Tst. | 34.3 | 36.5 | (2) | 4.08 |
| High Income Trust | 248.1 | 263.0 | (2) | 4.96 |
| Equity Income Trust | 141.1 | 149.6 | (2) | 5.11 |
| High Yield Trust | 143.4 | 152.0 | (2) | 5.56 |
| Govt Secs Trust | 26.6 | 27.7 | (2) | 10.40 |
| **International Trusts** | | | | |
| Amer Spec Sits Tst | 70.0 | 74.6 | (2) | 1.22 |
| European Growth Tst | 25.0 | 26.6 | (2) | 0.80 |
| International Tst. | 94.7 | 100.9 | (2) | 0.80 |

**Baltic Trust Managers Ltd**
20 Chiswell St, London EC1Y 4TY 01-374 6801

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| American | 48.0 | 51.1 | +0.2 | 0.47 |
| Australian | 23.3 | 24.8 | +0.3 | 2.12 |
| Japan & Gen | 114.2 | 121.5 | +0.3 | 0.08 |
| High Income | 44.6 | 47.5 | +0.2 | 5.92 |
| Intl Trust | 87.7 | 93.3 | | 1.39 |
| Income Grwth Tst. | 48.6 | 51.7 | +0.2 | 3.54 |
| Gilts & Fixed Int | 19.8 | 21.1 | +0.1 | 10.95 |
| Global Markets Sst. | 35.1 | 37.4 | +0.2 | 1.95 |
| Special Situations | 41.8 | 44.5 | +0.4 | 1.35 |

**Barclays Unicorn Ltd(a)(c)(g)**
Unicorn Ho 252 Romford Rd, E7 01-534 5544

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| Unicorn America | 91.2 | 96.5 | −0.5 | 1.45 |
| Do Aust Acc. | 182.8 | 193.4 | +0.8 | 0.90 |
| Do Aust Inc. | 128.8 | 136.2 | +0.5 | 0.90 |
| Do. Capital | 69.9 | 73.9 | +0.2 | 3.06 |
| Do. Euro Gwth Acc | 79.0 | 83.9 | −0.1 | 1.17 |
| Do. Euro Gwth. Inc | 78.7 | 83.2 | | 1.17 |
| Do. Exempt Tst. | 420.3 | 446.5 | +1.6 | 4.35 |
| Do. Extra Income | 74.2 | 78.5 | +0.2 | 5.61 |
| Do. Financial | 231.0 | 244.4 | +1.2 | 3.07 |
| Do. 500 | 266.1 | 281.5 | +0.4 | 3.21 |
| Do. General | 138.4 | 146.4 | +0.6 | 3.27 |
| Do. Gilt & Fxd. Int. Inc. | 49.2 | 51.7 | −0.5 | 10.60 |
| Do. Growth Acc | 179.6 | 190.0 | +0.4 | 2.27 |
| Do. Income Trust | 337.9 | 357.5 | +1.5 | 3.95 |
| Do. Intl Income Trust | 53.7 | 56.8 | +0.1 | 4.32 |
| Do. Japan & Gen Tst Acc. | 173.0 | 183.0 | +1.3 | 0.00 |
| Do. Japan & Gen Tst Inc. | 171.8 | 180.9 | +1.3 | 0.00 |
| Do. Leisure Tst.(z) | 79.8 | 84.4 | +0.2 | 1.55 |
| Do. Recovery | 196.1 | 207.5 | +0.8 | 2.96 |
| Do. Special Sits. Tst. | 142.8 | 151.1 | +1.0 | 2.40 |
| Do. Trustee Fund | 105.0 | 111.1 | +0.4 | 3.06 |
| Do. Univ Tech Acc | 56.4 | 59.6 | +0.1 | 0.09 |
| Do. Univ Tech Inc. | 55.8 | 59.0 | | 0.05 |
| Do. W'Wide Trust | 155.8 | 164.8 | | 1.22 |
| B'tst. In Fd. Acc. | 332.1 | 351.4 | +1.4 | 3.45 |
| B'tst. In Fd. Inc. | 211.9 | 224.2 | +0.9 | 3.45 |

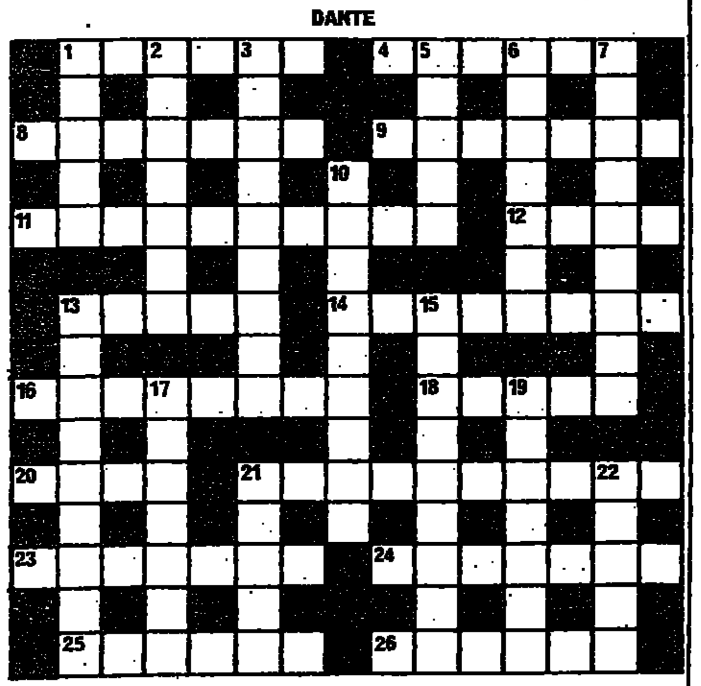
**Baring Fund Managers Ltd**
PO Box 156, Beckenham, Kent BR3 4XQ 01-658 9002

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| Australia Tst. | 80.8 | 85.5 | +1.4 | 0.3 |
| Eastern Tst. | 73.8 | 78.9 | +1.4 | 0.3 |
| Equity Income Tst. | 57.8 | 61.4 | +0.5 | 5.9 |
| Europe Tst. | 138.1 | 146.9 | −1.0 | 1.0 |
| Global Growth | 56.8 | 60.4 | +0.4 | 2.2 |



## FT CROSSWORD PUZZLE No. 6,198

DANTE



**ACROSS**

1 Tax cut (6)
4 Footsore group of workers led by a blockhead (6)
8 Bodily destination of a Berber's breakfast (7)
9 It was plain to early American settlers (7)
11 Taking another person's life in one's hands (10)
12 It is thought to be almost perfect (4)
13 Laughing stock of Africa and Asia (5)
14 Identified the boy embracing the pretty girl (8)
16 One engaged in a Red Cross operation? (8)
18 The ways of country folk (5)
20 Pronounced fit to be the first murder victims (4)
21 Becoming uniform for a social occasion (7, 3)
23 Brightened up when found not guilty (7)
24 Seven stars or three and three-quarters (7)
25 Has the wrong case (6)
26 Sadie's upset by such remarks (6)

**DOWN**

1 Female novelist and male poet to lie awkwardly together (5)
2 It may wilt and droop in the centre (7)
3 Reliable watch to look after (9)
5 Dismantle a United Nations oil installation? (5)
6 The bee in one's bonnet? (7)
7 Mum makes lionesses curious (9)
10 They held people in ridicule (9)
13 Birds not usually born in high places (9)
15 Game bird is all ruffled (9)
17 Such money is for saving (7)
19 Possibly ignored a racial description (7)
21 An important occasion for an Eastern airway (5)
22 They employ devious ruses (5)

**Solution to Puzzle No. 6,197**

ALLOWING FOSSIL

U I O E T N H A

TUBER GREATCOAT

U E L R A O O I

MELODIOUS PITOT

N L W I E O U

COPIED REFUSED

S U T T E E

PASCHAL COHORT

E O A A E M E

CORFU STRAWPOLL

K U T S R O N O

LONGEVITY REITH

E I N E O L S I

DECODE INADREAM

# AUTHORISED UNIT TRUST & INSURANCES

**American Life Insurance Co UK**
2-8 Altyre Road, Croydon CR9 2LG 01-680 7181

| | | | | |
|---|---|---|---|---|
| **Alpha Range—Life** | | | | |
| Managed Acc | 95 1 | 100 1 | +0 1 | — |
| American Acc | 102 8 | 107 1 | | — |
| Deposit Acc | 99 6 | 104 8 | | — |
| European Acc | 111 7 | 117 6 | -0 6 | — |
| Far Eastern Acc | 113 4 | 119 4 | -0 2 | — |
| Fixed Interest Acc | 82 8 | 87 2 | +0 9 | — |
| International Acc | 109 8 | 115 6 | -0 1 | — |
| Property Acc | 117 2 | 123 4 | -0 3 | — |
| UK Equity Acc | 92 3 | 97 1 | -0 1 | — |
| **Alpha Range—Pensions** | | | | |
| Managed Acc | 97 7 | 102 8 | +0 1 | — |
| **Premier Range** | | | | |
| Managed Acc—Life | 103 7 | 109 2 | -0 4 | — |
| Managed Acc—Pensions | 104 7 | 110 2 | -0 5 | — |

Other unit prices available from American Life

**Baltic Assurance Funds**
20, Chiswell St, London, EC1Y 4TY 01-374 6801

| | | | | |
|---|---|---|---|---|
| Managed Growth | 253 51 | 266 85 | -0.65 | — |
| Managed Income | 116.50 | 122.63 | +0.39 | — |

**Barclays Life Assur. Co Ltd**
252 Romford Road, London E7 01-534 5544

| | | | | |
|---|---|---|---|---|
| Barclaybond | 355 7 | 374 5 | +0.2 | — |
| Managed Accum. | 301.6 | 317 5 | +0.2 | — |
| Equity Accum | 436.6 | 459 6 | +1.4 | — |
| Property Accum | 206.9 | 217 8 | | — |
| International Accum | 278 8 | 293 5 | +0.10 | — |
| Gilt-edged Accum | 193.9 | 204 2 | -0.9 | — |
| Money Accum | 176 4 | 185 7 | | — |
| American Accum | 184 0 | 193.7 | -0 7 | — |
| Australia Accum | 162.5 | 171.1 | +0.6 | — |
| Financial Accum | 203.8 | 214 6 | +1.0 | — |
| "500" Accum | 218.7 | 230 3 | | — |
| European Growth Accum | 147.0 | 154 8 | -0.10 | — |
| Income Accum | 241.9 | 254 7 | +0.9 | — |
| Japan & Gen Accum | 326 9 | 344.2 | +2.1 | — |
| Leisure Accum | 149.2 | 157.1 | +0 4 | — |
| Spec Sits Fd Accum | 122.1 | 128.6 | +0.8 | — |
| Universal Tec Accum | 111.3 | 117.2 | +0.1 | — |
| Managed Pns Accum | 401.5 | 422 7 | +0.7 | — |
| Equity Pns Accum | 145.5 | 153 2 | +0.9 | — |
| Intnl Pns Accum | 156.6 | 164 9 | | — |
| Gilt-edged Pns Accum | 276.5 | 291.1 | -1.6 | — |
| Money Pns Accum | 256.3 | 269.8 | | — |
| Property Pns Accum | 107.2 | 112.9 | | — |

For prices of Initial Units phone 01 534 5544.

**Black Horse Life Ass. Co Ltd**
346a High St, Chatham 0634 405161

| | | | | |
|---|---|---|---|---|
| Black Horse Man. Fd | | 360.77 | -1.81 | — |
| Income Fd. | 331 25 | 348 69 | -0.78 | — |
| Extra Income Fd | 314 55 | 331 11 | -7.98 | — |
| Worldwide Growth Fd. | 332 88 | 350.40 | +7.26 | — |
| Balanced Fd | 290 42 | 305 71 | -3 00 | — |
| Smlr Co's & Recvy Fd | 361 62 | 380 60 | -1.65 | — |

**Cornhill Insurance PLC**
57 Ladymead, Guildford 0483 68161

| | | | | |
|---|---|---|---|---|
| Equity Fd (A&B) Dec 3 | 252 5 | 266 0 | | — |
| Fixed Int (A&B) Dec 3 | 163 5 | 172 5 | | |
| Man Growth (A&B) Dec 3 | 529 0 | 557 0 | | |
| Money Fd (A&B) Dec 3 | 142 5 | 150 0 | | |
| Cap Fd (A&B) Nov 15 | | 400 0 | | |
| G&S Sec Fd (A&B) Nov 15 | | 166 0 | | |
| Far East Eqty (A&B) Dec 3 | 187 5 | 197 5 | | |
| N Amer Eqty (A&B) Dec 3 | 108 5 | 114 5 | | |
| Int Technlg (A&B) Dec 3 | 156 5 | 165 0 | | |
| Property (A&B) Dec 3 | 196.5 | 207 0 | | |

**Credit & Commerce Life Ass. Ltd**
74 Shepherds Bush Green, W12 8SD 01-740 7070

| | | | | |
|---|---|---|---|---|
| **Life Funds** | | | | |
| UK Equity | 142 0 | 149.8 | +0 3 | — |
| American Equity | 125 1 | 131 9 | | — |
| Far East Equity | 168 0 | 177 2 | | — |
| Managed Fund Acc. | 371 0 | 391 0 | | — |
| International Equity | 193 4 | 204 0 | | — |
| Gilt Edged | 180 0 | 189 8 | | — |
| Money Fund | 144 6 | 152 5 | | — |
| CCL Henderson | 161.4 | 170.2 | | — |
| CCL Perpetual | 205 4 | 216 6 | | — |
| CCL Property | 228 8 | 241.3 | | — |
| Smaller Cos | 249.3 | 263 0 | | — |
| Perpetual Eurogrowth | 121.0 | 127 6 | | — |
| CCL Headfud Prime Res | 97.5 | 102.8 | | — |

**Criterion Assurance Group**
Swan Court, Petersfield, Hants 0730 63281

| | | | | |
|---|---|---|---|---|
| Ultimate Mngd Fund | 172.9 | 182.0 | | — |
| Criterion Mngd Fund | 166.0 | 174.8 | | — |
| Pension Mngd Cap | 52.2 | 54 9 | | — |
| Pension Mngd Acc | 61.6 | 64.8 | | — |
| Pension G'nteed Dep Ac | 34.6 | 36.5 | | — |

For closed Fund and prices ring 0730 63281

**Crown Financial Management Ltd**
Crown Hse, Woking GU21 1XW 04862 5033

| | | | | |
|---|---|---|---|---|
| **Life Funds** | | | | |
| American Acc | 103.2 | 108.6 | (z) | — |
| Equity Acc | 374 0 | 393.6 | (z) | — |
| European Acc | 186.2 | 196.0 | (z) | — |
| Fixed Interest Acc | 209 7 | 220.7 | (z) | — |
| High Income Acc | 357.7 | 376.5 | (z) | — |
| Intnl. Acc | 350.8 | 369.2 | (z) | — |
| Inv. Trust Acc | 411.1 | 432.7 | (z) | — |
| Japanese Acc | 168.5 | 177.3 | (z) | — |
| Managed Acc | 312.0 | 328.4 | (z) | — |
| Money Acc | 179.5 | 188 9 | (z) | — |
| Property Acc | 186.4 | 196.2 | (z) | — |
| **Individual Pension Funds(z)** | | | | |
| American | 115 7 | 121.7 | | — |
| Equity | 384.4 | 404.6 | | — |
| European | 265.5 | 279 4 | | — |

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# INSURANCE, OVERSEAS & MONEY FUNDS

## OFFSHORE AND OVERSEAS

## MANAGEMENT SERVICES

## Money Market Trust Funds

## Money Market Bank Accounts

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733
Special Acc. 10.00 7.48 10.90 Mth
Over £10,000 10.25 7.66 11.17 Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL1 5E 0752 224141
High Int Chq Acc 11.38 8.51 12.38 Qtr

Wimbledon & South West Finance Co Ltd
114 Newgate St, London EC1A 7AE. 01-606 9485
High Int Cheque Acc 11.25 8.41 12.23 Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

### NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ϕ Yield column shows annualised rates of NAV increase. xd ex dividend.

## TRADITIONAL OPTIONS

### 3-month call rates

| Industrials | p | | |
|---|---|---|---|
| Allied-Lyons | 27 | NEI | 8 |
| Amstrad | 15 | Nat West Bk | 48 |
| BAT | 35 | P & O Dfd | 45 |
| BOC Grp | 28 | Plessey | 16 |
| BSR | 11 | Polly Peck | 16 |
| BTR | 26 | Racal Elect | 15 |
| Babcock | 16 | RHM | 24 |
| Barclays | 42 | Rank Org Ord | 45 |
| Beecham | 40 | Reed Intnl | 25 |
| Blue Circle | 55 | STC | 13 |
| Boots | 22 | Sears | 12 |
| Bowaters | 32 | TI | 40 |
| Brit Aerospace | 42 | TSB | 8 |
| Brit. Telecom | 17 | Tesco | 36 |
| Burton Ord | 26 | Thorn EMI | 42 |
| Cadburys | 17 | Trust Houses | 15 |
| Charter Cons | 24 | Turner Newall | 18 |
| Comm Union | 28 | Unilever | 140 |
| Courtaulds | 26 | Vickers | 36 |
| FNFC | 17 | Wellcome | 17 |
| Gen Accident | 75 | Property | |
| Gen Electric | 15 | Brit Land | 16 |
| Glaxo | 85 | Land Securities | 30 |
| Grand Met | 48 | MEPC | 32 |
| GUS 'A' | 85 | Peachey | 24 |
| Guardian | 75 | Oils | |
| GKN | 24 | BOM | 3½ |
| Hanson Tst | 18 | Brit Petroleum | 50 |
| Hawker Sidd | 42 | Burmah Oil | 32 |
| ICI | 75 | Charterhall | 4 |
| Jaguar | 42 | Premier | 3½ |
| Ladbroke | 32 | Shell | 65 |
| Legal & Gen | 20 | Tricentrol | 6 |
| Lex Service | 32 | Ultramar | 17 |
| Lloyds Bank | 38 | Mines | |
| Lucas Inds | 46 | Cons Gold | 62 |
| Marks & Spencer | 18 | Lonrho | 22 |
| Midland Bk | 48 | Rio T Zinc | 62 |
| Morgan Grenfell | 26 | | |

A selection of Options traded is given on the London Stock Exchange Report Page.

# COMMODITIES AND AGRICULTURE

## UK claims tin action threatens treaty powers

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE SUCCESS of a petition for the winding up of the International Tin Council would affect the British Crown's prerogative, and in particular its treaty-making powers, the High Court was told yesterday.

Mr Anthony Grabiner, QC, for Sir Michael Havers, the Attorney General, said the winding-up of an organisation established by a treaty to which the UK was a party would also have serious implications for the UK as the "host state" to the ITC and more than a dozen similar international organisations based in London.

Mr Grabiner was explaining why the Attorney General had decided that the Government should take part in the hearing of the ITC's application to strike out a petition for its compulsory winding-up by Amalgamated Metal Trading, a subsidiary of Preussag, the West German metals group.

AMT is petitioning as a creditor of the ITC for £5.3m, the amount of an arbitration award that AMT claims is enforceable against the ITC in the UK.

The company also contends that the UK and the other 21 member states of the ITC are legally liable for the council's debts.

The petition, due before the court next Monday, is supported by Kleinwort Benson, the merchant bank, which claims to be owed more than £7m by the ITC.

The international implications of a winding-up order are part of the basis of the ITC's attempt to rid itself of the petition.

Mr Robert Alexander, QC, for the ITC, said that its status was governed by international and not English law.

The council's main argument was that the High Court had no jurisdiction over it. Second, it contended that it was immune from the winding-up petition.

Mr Alexander said that the making, amending and terminating of treaties was a Crown prerogative and it was therefore outside the court's jurisdiction to purport to wind-up or bring to an end a body established by international treaty.

He denied that winding-up proceedings constituted enforcement of an arbitration award permitted by the 1972 International Tin Council (Immunities and Privileges) Order.

Mr Alexander said that Amalgamated Metal Trading appeared to intend arguing that "antecedent breaches" by other member states of the ITC entitled the UK to withdraw from the International Tin Agreement and that a winding-up order would, therefore, not involve the UK in a treaty breach.

There were several confusions of thought in that approach, Mr Alexander said. Whether there had been a breach by another state, and whether that would give the UK a right to withdraw, were matters of international law. In any event, he added, the UK had not withdrawn and even if it had the right to do so that would not give AMT a right to force the ending of the tin agreement.

The hearing, which is expected to last two weeks, continues today.

● Tin prices fell sharply yesterday from the eight-month high they hit last week as investors took profits, writes Stefan Wagstyl.

Traders said Shearson Lehman Brothers had stopped buying metal in the market. The company had recently been adding to its stock, estimated at some 20,000 tonnes.

On the Kuala Lumpur Tin Market the metal fell 74 cents to close at 16.3 ringgits a kilo. In Europe, prices fell by about £60 a tonne from Friday to a range of £4,500 to £4,530.

Traders are sceptical about the attempts the Association of Tin Producing Countries is making to limit members' output by 10,000 tonnes in 1987. The ATPC is to meet in Kuala Lumpur in January to discuss members' output quotas.

## Australia and Egypt to resume wheat talks

By Tony Walker in Cairo

AUSTRALIA and Egypt will this week resume wheat negotiations interrupted by the sudden replacement last month of the Egyptian Prime Minister, which was followed by a Cabinet reshuffle.

Australian negotiators face a difficult task maintaining reasonable prices for wheat shipments to Egypt, where the market has become highly competitive.

The EEC is selling subsidised wheat to Egypt and the US has indicated that it will match EEC prices.

Egypt is Australia's biggest wheat market. Under a 1984 pact Australia agreed to supply Egypt with 10m tonnes over five years. It has shipped about 2m tonnes this year, but may have difficulty maintaining such levels of exports unless it is prepared to drop its prices substantially.

Egypt recently negotiated an agreement with France to take about 100,000 tonnes of wheat at a reported price of $76.50 (£53) a tonne, way below the cost of production.

### Brazilian copper

PARAIBUNA DE METAIS, a private Brazilian mining company, is to invest $250m (£175m) in a project aimed at producing 100,000 tonnes of electrolytic copper a year, reports Reuter from Rio de Janeiro.

Mr Raimundo Pessoa, the company's president, said copper concentrates for the project will be supplied by a concentrator planned at Brazil's largest copper reserve, Igarape do Salabo at Carajas, which has 1.2bn tonnes of reserves with a copper content of 0/88 per cent.

### Sugar policy

THE BRAZILIAN Sugar and Alcohol Institute (IAA) is maintaining its announced sugar export policy for the 1986-87 crop year although the situation could be reviewed at the end of the year, reports Reuter from Rio de Janeiro.

Mr Erival Uchoa, the IAA's chief secretary, said harvesting in the North-east had been delayed by heavy rains and that milling in the centre-South was nearing completion.

### Radiation warning

THE WEST German Health Ministry has discovered excessive levels of radioactive caesium in consignments of Turkish tea and hazelnuts and has warned the public against consuming the products. Radio-activity levels were between 25 times and 90 times the permitted maximum under EEC regulations.

**LONDON METAL EXCHANGE WAREHOUSE STOCKS**
(Changes during week ending last Friday)
(tonnes)

| | |
|---|---|
| Aluminium | −3,400 to 107,125 |
| Copper | +2,750 to 179,125 |
| Lead | +3,825 to 31,775 |
| Nickel | +804 to 7,686 |
| Tin | −480 to 40,495 |
| Zinc | −2,975 to 27,475 |
| (ounces) | |
| Silver | −290,000 to 23,328,000 |

## Jopling prepares for marathon

BY TIM DICKSON IN BRUSSELS

MR MICHAEL JOPLING, Britain's Agriculture Minister, yesterday reaffirmed his determination to crack down on European beef and dairy surpluses.

Mr Jopling, Chairman of the EEC Farm Council until the end of Britain's presidency later this month, was conducting a "preliminary" discussion last night on the European Commission's radical plans to cut milk quotas and reduce the costs of guaranteed Community purchases of beef.

In a clear hint that he expects significant progress today, however, he warned his colleagues that he "could not promise" them a good night's sleep tonight.

Mr Jopling's stance was later supported by Mr Frans Andriessen, the EEC's Farm Commissioner, who said that the Commission was prepared to wait all week if necessary for the Ministers to reach agreement. He said that the Commission would seriously consider compensation for farmers affected by the proposed reforms but that the cuts it has suggested were the "minimum."

He also ruled out differentiated reductions in quotas for individual member-states and claimed that the most recent figures for dairy production in the US and New Zealand show output on a declining trend.

The most urgent Commission proposals concern the dairy sector, which is currently producing 9.5m tonnes more than the EEC can consume. With butter stocks of more than 1.45m tonnes and a skimmed milk powder surplus of more than 1m tonnes, the Commission is pushing for powers to suspend "intervention" purchases of both, more cuts in milk quotas, and new rules to tighten up loopholes in the system.

Also on the table are Commission ideas for reducing the cost of supporting the beef sector, notably limiting intervention buying to situations where the average EEC market price is less than 90 per cent of the Community's intervention price and the market price in a member state is less than 85 per cent of this yardstick.

Earlier yesterday ministers agreed to postpone until today further discussion of proposals for devaluing four "green" currencies. The proposed devaluations of the green pound and the green franc for sheep meat and beef were tabled last month, last week requests from Greece and Portugal for devaluations of the green drachma and green escudo on sheep meat were added to the Commission's package.

## US may lift ban on Soviet nickel

BY NANCY DUNNE IN WASHINGTON

US AND Soviet officials last week agreed to resume consultations to end the three-year-old American ban on imports of nickel from the USSR.

Mr Malcolm Baldrige, the US Commerce Secretary, said on Friday that an agreement, "in principle" had been reached during a meeting of the US-USSR joint commercial commission in Washington which "should" lead to a lifting of the ban.

Further consultations will be conducted by the US Treasury, which has held talks off and on since the US ban on Soviet imports was imposed in December 1983.

At issue is the US demand that the Soviets certify that its nickel exports to the US have not originated in Cuba. According to US intelligence information, Soviet nickel resources have been steadily depleting, and Cuba now sells half of its nickel to the USSR.

A Commerce Department analyst said it is quite conceivable that any Soviet exports of the metal would contain some metal received from Cuba. He said it is "optimistic" to believe that the ban would be lifted by the US in the near future.

The US has agreements with West Germany, France, Japan and the Netherlands, requiring certification, inspection and government guarantees that nickel and nickel product exports to the US are free of Cuban metal. It is not likely that the Administration would require less from the Soviet Union, the analyst said.

Mr Baldrige has made a concerted effort to improve US-USSR trade relations, and an agreement on nickel is seen as more symbolic of progress than substantive. Before the ban, the Soviet Union supplied only about 4 per cent of the US market with most of the metal coming from Canada, Norway and Australia.

## Breaking the cereal cycle

**FARMER'S VIEWPOINT**

By John Cherrington

CROP ROTATION may be an age-old farming technique, and still a necessary one in spite of the chemical innovations of modern times. But in recent years I have found most of the so-called "break crops"—especially the oilseeds and proteins which have become popular in Britain over the last decade — to cause nothing but headaches. Difficult to grow, harvest and keep free of diseases, they are also causing concern to the EEC because they are in many cases very costly to subsidise.

A "break crop" is one that is used to break a succession of cereal crops so that diseases are not transmitted between them. Almost any crop will do for this purpose as long as it is not a cereal variety. The technique is of great antiquity and is the basis of most rotations used in farming worldwide.

Some of the breaks not only give the soil a change of variety but actually improve fertility. For instance, legumes, like clover or peas, will produce nitrogen from their roots which will assist the following crop, as will the use of a temporary grass well grazed and dunged by cows and sheep.

Modern fertilisers and sprays have reduced to some extent the need for breaking the cereal crops. I certainly found it possible and profitable to practise a monocultural system based on barley until Britain's membership of the EEC made it imperative to take advantage of the higher prices for wheat and its much higher yield. In my experience successful wheat growing does need a rotation of some sort and I have been trying a number over the years.

The simplest was to rotate the cereals with a grass, either fed off with sheep or cows or, in some cases, harvested for seed. The grazing option requires a considerable investment in livestock, which with the exception of dairy cows are not very profitable. Grass seed harvesting is not an easy task as the weather in much of Britain makes the job very tricky and I seldom attempt it except as a sort of opportunistic gamble.

Once in the EEC new opportunities arose for diversification from cereals. The European Commission noted that the importation of oil seeds and protein crops were a heavy drain on the economy and decided to subsidise protein production in the Community. Hence the spread of oilseed rape, which paints large areas of Britain a bright yellow in the early summer. Production reached close to 1m tonnes in the UK's last harvest.

Unlike cereals these crops are not subsidised to the farmer but the crusher receives a deficiency payment for use of home grown seed to persuade him not to use imports, which are probably only about 50 per cent of the Community guaranteed price. It is not an easy crop *to grow and I have not planted* any for some years. The main problem is the weather and an increasing incidence of disease and pests—especially difficult to deal with in a crop which grows very tall. Incidentally the French, who used to be the major growers in Europe, seem to be finding the same problems and are turning to sunflowerseed as an alternative.

I did grow peas until the last couple of years and found that they would try the patience of a saint. The varieties grown are for harvesting dry which means a good harvest climate. I risked that, but found that their growth pattern was most irregular. Sometimes they grew a great mass of leaf with very few pods which meant a low yield, or if they were well podded they collapsed to the ground and harvesting meant gathering great masses of peas and stones into the combines. Then if there was a fair yield the peas themselves were stained and no longer fit for human consumption. But there was a subsidy for using them as animal feed.

For this last harvest I was introduced to beans. They used to be called tic beans, and mainly used for animal feed. They were quite cheap to grow but they certainly took their time about it and were still flowering well at the end of September. The only thing to do then was to use a desiccant spray to try and kill off the flowers. This was only partly successful but we finished harvesting them in mid-November. They had to be dried twice (one little batch three times) and have been exported to Holland for animal feed. Otherwise, had they not been so stained, they might have made it as an aid package to Bangladesh.

I am growing another 50 acres across next year and hope they will do better. The problem this year was that because of the late spring the beans were planted late and ripened even later due to the long cold summer. In addition we discovered that the variety we planted were a late maturing strain. This next crop will hopefully come fit in September. Then, if they yield as well as they have done this year and if they fetch the same price *they should do me alright.* But I am not counting my chickens yet.

It seems that from the point of view of the Community budget, subsidising these break crops is not very cost effective, particularly as a means of reducing the cereal surplus. At present they occupy 3 per cent of the arable area but their subsidisation takes 11 per cent of the arable budget. The prime reason the Commission gives as justification is that the subsidisation is to reduce imports from outside of oil seeds and proteins. That cereal land is diversified is purely coincidental.

There is another option which does seem to be ideal for diversification. It is not subsidised at all and actually breaks the barley-wheat sequence well, although it is itself a cereal. This is oats which is not much grown because of the lack of subsidy and its bad reputation in the past for poor yield and some disease problems.

This year oats has done quite well and sold well too—I had a contract priced at the equivalent of barley.

*It is not popular to grow as* it ripens most unevenly and causes both quality and harvesting problems. But it does seem to suit my land and apparently there is a rising demand for oats as a health food. Also I can show it to sceptical visitors as the one crop which costs the taxpayer nothing.

The trouble is that the market is limited. Growing oats will not save many people from enforced quotas or other output restrictions.

## LONDON MARKETS

COFFEE FUTURES prices came under further pressure in London yesterday as rumours that Brazilian export price cuts were in the offing added to existing bearish sentiment based on doubts about the prospects for the reintroduction of export quotas at an emergency meeting of the International Coffee Organisation this week. The March position ended £53.50 down at £1,847.50 a tonne, after having fallen £51.50 last week. The ICO meeting was called last week after the ICO 15-day average indicator price fell below 145 cents a lb. Quotas would be reimposed automatically if the price fell below 134.55 cents a lb. On the London Metal Exchange meanwhile lead's six-day bull run was halted as the cash price slid £11 to £353.50 a tonne. Dealers said the market was unsettled by a sharp rise in LME warehouse stocks following the arrival of Mexican and US material. A substantial fall in LME zinc stocks encouraged a £6 rise to £547.50 a tonne for cash metal.

LME prices supplied by Amalgamated Metal Trading.

### ALUMINIUM

Official closing (am): Cash 798.5-9 (789-90) three months 807.5-8 (799.5-80); settlement 799 (790). Final Kerb close: 811-11.5. Turnover: 14,925 tonnes.

| | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 787.5-8.5 | +7.5 | 789.5/785 |
| 3 months | 800.5-1 | +5.75 | 802.5/792.5 |

### COPPER

| Grade A | Unoffic'l close | + or — | High/Low |
|---|---|---|---|
| Cash | 937.5-8 | −2 | 945/940 |
| 3 months | 955.5-6 | −5.5 | 962/954 |

Official closing (am): Cash 943-3.5 (945-5.5); three months 960-60.5 (958-3); settlement 943.5 (946.5). Final Kerb Close: 959-9.5.

| Standard | | | |
|---|---|---|---|
| Cash | 905-7 | −8 | — |
| 3 months | 933-5 | −7 | — |

Official closing (am): Cash 909-9.5 (904-5): three months 938.5-9.5 (933-4): settlement 909.5 (905). US Producer prices 63-66.50 cents per lb. Total turnover 26,100 tonnes.

### LEAD

| | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 354-5 | +0.5 | 355/354 |
| 3 months | 330-30.5 | +2.5 | 330/328 |

Official closing (am): Cash 356-7 (364-4.5); three months 323-4 (329-9.5); settlement 357 (364.5). Final Kerb Close: 324-4.5. Turnover 8,700 tonnes. US Spot: 24-29 cents per lb.

### NICKEL

| | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 2530-5 | +5 | 2540 |
| 3 months | 2580-5 | +5 | 2590/2580 |

Official closing (am) Cash 2,540-5 (2,538-40), three months 2,588-90 (2,585-7), settlement 2,545 (2,540). Final Kerb close: 2,597-600. Turnover 642 tonnes.

### TIN

KUALA LUMPUR TIN MARKET: Close 16.30 (17.04) ringgit per kg. Down 0.74 ringgit per kg.

### ZINC

| High grade | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 541-2 | −4.75 | 545 |
| 3 months | 541-1.5 | −5.5 | 547/541 |

Official closing (am): Cash 544-4.5 (545-5), three months 544-4.5 (545-5.5), settlement 544.5 (546). Final Kerb close: 547-8. Turnover: 7,825 tonnes. US Prime Western: 44-47.50 cents per lb.

### GOLD

Gold rose just $1 an ounce from Friday's close in the London bullion market yesterday to finish at $389-389½. The metal opened at $391½-392 which proved to be the day's high and touched a low of $388½-389. Trading was quiet for much of the day and the dollar's firmer trend tended to push the metal easier during the afternoon.

| GOLD BULLION (fine ounce) Dec. 8 | | |
|---|---|---|
| Close | $389-389½ | (£274-274½) |
| Opening | $391½-392 | (£275-275½) |
| M'n'g fix | $390.50 | (£274.806) |
| Aft'n'n fix | $389.60 | (£273.786) |

| GOLD AND PLATINUM COINS | | |
|---|---|---|
| Am Eagle | $401½-406½ | (£283-286½) |
| Mapleleaf | $402¾-407 | (£284-287) |
| Kr'g'rnd. | $389-392 | (£274¼-276¼) |
| ½ Krug | $192¾-202¼ | (£135¼-142¼) |
| ¼ Krug | $96½-100 | (£68-70½) |
| Angel | $396-399 | (£279¼-281¼) |
| 1/10 Angel | $40-45 | (£28¼-31¼) |
| New Sov. | $91-94 | (£64¼-66¼) |
| Old Sov. | $92¼-94½ | (£65¼-66¾) |
| $ 20 Eagle | 460-510 | (£324¼-359¼) |
| Noble Plat | $495-505 | (£349-356) |

### SILVER

Silver was fixed 2.8p an ounce higher for spot delivery in the London bullion market yesterday at 377.85p. US cent equivalents of the fixing levels were: spot 537.25c, up 2.25c; three-month 544.7c, up 2.35c; six-month 552.3c, up 2.2c; and 12-month 567.9c, up 2.15c. The metal opened at 379-380½p (539-541c) and closed at 378-379½p (537-539c).

| SILVER per troy oz | Bullion Fixing Price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 377.85p | +2.80 | 376p | −1.5 |
| 3 months | 387.95p | +3.25 | 385.25p | −1.25 |
| 6 months | 398.65p | +3.20 | — | — |
| 12 months | 419.45p | +3.55 | — | — |

LME—Turnover: 7 (11) lots of 10,000 oz.

Cash high/low 378p, three months high/low 388p, final kerb 386-8p.

### SOYABEAN MEAL

| | Y'sterd'ys close | + or — | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Dec. | 128.0-132.0 | +17.5 | — |
| Feb. | 129.7-131.2 | +0.20 | 131.0 |
| April | 130.5-131.2 | −0.15 | — |
| June | 128.2-128.7 | +4.45 | 129.0 |
| August | 127.0-127.5 | −0.10 | — |
| October | 128.0-129.0 | — | — |
| Dec. | 129.0-131.0 | +1.25 | — |

Sales: 100 (2,566) lots of 20 tonnes.

### INDICES

**REUTERS**

| Dec. 5 | Dec. 4 | M'th ago | Year ago |
|---|---|---|---|
| 1637.5 | 1637.1 | 1613.4 | 1751.1 |

(Base: September 18 1931=100)

**DOW JONES**

| Dow Jones | Dec. 5 | Dec. 4 | M'th ago | Year ago |
|---|---|---|---|---|
| Spot | 118.41 | 118.26 | — | 122.35 |
| Fut | 118.55 | 119.58 | — | 124.87 |

(Base: December 31 1931=100)

### MAIN PRICE CHANGES

In tonnes unless otherwise stated.

| | Dec. 8 1986 | + or — | Month ago |
|---|---|---|---|
| **METALS** | | | |
| Aluminium | | | |
| Free Market | $1205/225 | +15 | $1220/240 |
| Copper | | | |
| Cash Grade A | £942 | +4.25 | £901.5 |
| 3 mths | £959.75 | +4 | £924.75 |
| Gold Troy oz | $389.25 | +1 | $410.75 |
| Lead Cash | £353.5 | −11 | £322.75 |
| 3 mths | £324.5 | −5.75 | £315.75 |
| Nickel | | | |
| Free Mkt | 164/184c | −1 | 158/168c |
| Palladium oz | $118.25 | +1 | $128.00 |
| Platinum oz | $482.50 | +1.25 | $559.50 |
| Quicksilver† | $160/170 | | $165/188 |
| Silver troy oz | 377.95p | +2.80 | 401.65p |
| 3 mths | 387.95p | +3.25 | 412.30p |
| Tin | | | |
| free Mkt | £4500/550 | −50 | £4250/270 |
| Tungsten | $47.64 | | $46.98 |
| Wolfram 22.6lb | $32/42 | | $32/42 |
| Zinc | £547.5 | +6 | £578 |
| 3 mths | £545.5 | +4.25 | £564.5 |
| producers | $870 | | $920 |
| **OILS** | | | |
| Coconut (Phil) | $480z | | $422.5 |
| Palm Malayan | $310w | | $330 |
| Copra (Phil) | $285 | | $270 |
| Soyabean (U.S.) | $160 | | $163 |
| **GRAINS** | | | |
| Barley Fut. Mar. | £113.90 | +0.20 | £112.00 |
| Maize | £145.00 | | £143.00 |
| Wheat Fut. Mar. | £113.45 | +0.25 | £110.50 |
| No. 2 Hard Wint. | ‡ | | ‡ |
| **OTHERS** | | | |
| Cocoa Ft. Mar. | £1439.5 | −4 | £1495.5 |
| Coffee Ft. Mar. | £1847.5 | −53.5 | £2282.5 |
| Cotton A Ind.* | 57.75c | +0.40 | 52.80c |
| Gas Oil Jan. | $124.75 | −1.25 | $130.5 |
| Rubber (kilo) | 64p | +1 | 65p |
| Sugar (raw) | $159x | +1 | $154 |
| Wooltops 64s | 425p kilo | | 421p kilo |

In tonnes unless otherwise stated. ‡ Unquoted. † Per 75 lb flask. c Cents a pound. * Cotton outlook. x Jan-Feb. z Dec-Jan. u Jan. w Feb.

### COFFEE

Values opened substantially lower following a weak New York close and stop-loss selling from commission houses, reports Drexel Burnham Lambert. With levels £75 lower than Friday's close, buyers appeared reluctant to enter the market until early afternoon when light trade buying managed to recoup earlier losses in a market lacking fresh fundamental news and technically remaining in a bear trend. Sellers reappeared towards the higher levels.

| COFFEE | Yesterday close | + or — | Business Done |
|---|---|---|---|
| Jan | 1995-00 | −80.0 | 2030-1950 |
| Mar | 1845-50 | −53.5 | 1870-1825 |
| May | 1845-50 | −44.5 | 1865-1820 |
| July | 1865-70 | −50.0 | 1880-1835 |
| Sept | 1885-90 | −47.5 | 1865 |
| Nov | 1880-10 | −55.0 | — |
| Jan | 1890-20 | −55.0 | — |

Sales: 4,242 (4,880) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for December 5: Comp daily 1979 136.83 (140.35); 15-day average 140.59 (141.60).

### COCOA

During an uninspiring day futures attracted only a light volume of trade and remained in a £14 range. Some early scale-down consumer offtake was seen but most of the day was bereft of industry or producer interest, reports Gill and Duffus.

| COCOA | Yesterday's close £ per tonne | + or — | Business Done |
|---|---|---|---|
| Dec | 1395-1397 | −3.5 | 1401-1387 |
| March | 1439-1440 | −4.0 | 1442-1432 |
| May | 1456-1467 | −5.0 | 1465-1459 |
| July | 1489-1491 | −4.0 | 1489-1481 |
| Sept | 1510-1511 | −5.5 | 1511-1501 |
| Dec | 1540-1543 | −4.0 | 1540-1531 |
| March | 1567-1569 | −5.0 | 1570-1559 |

Sales: 1,396 (2,302) lots of 10 tonnes.

ICCO indicator prices. Daily price for December 8: 88.68 (89.45); five-day average for December 8: 89.34 (89.40) US cents per pound. Daily price 1627.50 (1637.38); 10-day average 1637.12 (1640.21) SDRs per tonne.

### POTATOES

Disappointing Dutch export figures and lacklustre UK physical trade led to gently drifting values in a thin, quiet market and a close near the day's lows, reports Coley and Harper.

| Month | Yesterday's close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Feb | 111.00 | 111.00 | — |
| Apr | 158.90 | 160.30 | 160.20-158.50 |
| May | 178.20 | 179.30 | 178.20-177.50 |
| Nov | 87.00 | 87.50 | — |
| Feb | 100.00 | 99.50 | — |

Sales: 509 (554) lots of 40 tonnes.

### GRAINS

Old crop wheat found commission house buying against shippers selling, with January-March switching responsible for most of the volume. Barley found late consumer support, as did new crops, reports T. G. Roddick.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| Mnth | Yesterday's close | + or — | Yest'rdy's close | + or — |
| Jan | 110.35 | +0.50 | 111.65 | +0.25 |
| Mar | 113.45 | +0.25 | 113.90 | +0.20 |
| May | 115.50 | +0.25 | 114.95 | +0.15 |
| July | 117.30 | +0.20 | — | — |
| Sep | 101.50 | +0.15 | 100.65 | — |
| Nov | 103.70 | +0.15 | 103.35 | +0.15 |
| Jan | 106.60 | +0.10 | 106.30 | +0.10 |

Business done—Wheat: Jan 110.40-10.20, Mar 113.50-3.35, May and July untraded, Sept 101.50, Nov 103.70-3.65, Jan untraded. Sales: 202 lots of 100 tonnes. Barley: Jan 111.70, Mar 113.90, May, Sept, Nov and Jan untraded. Sales: 17 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent Jan 107.50, Feb 108.50, Mar 108.50. US no 2 soft red winter Jan 110.75, Feb 112.75, Mar 114.75 sellers. French 11½-12 per cent Dec 140.50. English feed fob Dec 112.00/113.00, Jan 114.50/115.00 buyer/sellers, Feb 115.50 buyer, Jan/Mar 115.50/116.00 buyer/seller, Mar 116.50 buyer, April/June 118.50/119.25 buyer/seller. Maize: US no 3 yellow/French transhipment east coast Dec 145.00. Barley: English feed fob Dec 112.00 seller Peterhead, Dec 115 seller Boston, Jan/Mar 115.25/116.00 Scottish.

HGCA—Locational ex-farm spot prices. Feed barley: E Mids 112.40, N East 110.80. The UK monetary coefficient for the week beginning Monday December 15 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

### OIL

Trading was thin, as most traders have already closed their positions prior to the Opec meeting later this week. Brent prices were marginally weaker on the back of Nymex. January WTI opened 8c down on Nymex and traded 8c down at 1.30 pm EST. The petroleum products markets were quiet in part due to a Mediterranean holiday.

Forward traded gas oil and naphtha were weaker but fuel oil was firm—Petroleum Argus, London.

| | Latest | Change + or — |
|---|---|---|
| *CRUDE OIL—FOB ($ per barrel)—Dec.* | | |
| Arab Light | — | — |
| Arab Heavy | — | — |
| Dubai | 13.55-13.70 | +0.025 |
| Brent Blend | 14.55-14.65 | −0.10 |
| W.T.I. (1pm est) | 16.05-16.15 | −0.05 |
| Forcados (Nigeria) | — | — |
| Urals (cif NWE) | — | — |
| PRODUCTS—North West Europe Prompt delivery cif ($ per tonne) | | |
| Premium gasoline | 140-144 | — |
| Gas Oil | 118-120 | −2 |
| Heavy fuel oil | 75-77 | +1 |
| Naphtha | 119-121 | −5 |

Petroleum Argus estimates

### GAS OIL FUTURES

| Month | Yest'rdy's close | + or — | Business Done |
|---|---|---|---|
| | US $ per tonne | | |
| Dec. | 119.25 | −2.00 | 121.50-19.00 |
| Jan. | 124.75 | −1.25 | 126.75-24.50 |
| Feb. | 127.50 | −2.00 | 129.50-27.50 |
| Mar. | 126.25 | −1.50 | 128.00-26.25 |
| Apr. | 123.50 | −1.25 | — |
| May | 120.25 | −0.75 | — |

Turnover: 3,069 (1,682) lots of 100 tonnes.

### HEAVY FUEL OIL

| Month | Yest'rdy's close | + or — | Business Done |
|---|---|---|---|
| | US $ per tonne | | |
| Dec. | 76.00 | −3.00 | — |
| Jan. | 76.00 | −1.50 | 76.00 |
| Feb. | 78.00 | −1.00 | 78.00 |

Turnover: 20 (100) lots of 100 tonnes.

### SUGAR

LONDON DAILY PRICE—Raw sugar $159.00 (£112.00), up $1.00 (up £1.50) a tonne for December-January delivery. White sugar $182.00, unchanged.

| No. 6 Contract | Yest'rdy close | Previous close | Business done |
|---|---|---|---|
| | $ per tonne | | |
| Mar. | 156.4-156.0 | 156.8-156.8 | 158.2-154.4 |
| May | 158.6-158.8 | 158.8-159.0 | 159.0-157.4 |
| Aug. | 161.0-161.6 | 161.8-162.0 | 161.6-159.8 |
| Oct | 164.4-164.8 | 164.0-164.4 | 165.0-163.4 |
| Dec | 167.2-169.8 | 167.8-169.8 | — |
| Mar. | 175.8-177.8 | 177.0-179.0 | — |
| May | 178.8-181.8 | 179.8-182.0 | — |

Sales: 1,793 (2,020) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £215.50 (£214.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for December 5: Daily price 6.15 (6.17); 15-day average 5.94 (5.92).

## US MARKETS

THE COFFEE MARKET continued it's sharp decline as the March contract broke under 140c, its contract low from October 1985, reports Heinold. Trade sentiment was further depressed by the threat that Brazil's worsening debt situation could force the country to take some steps to sell it's coffee. This spawned talk that Brazil would lower it's 1987 coffee price. In addition there was little hope that the International Coffee Organisation would agree to negotiate new export quotas that could put a floor under the market. The precious metals traded under thin market conditions and silver took its direction from gold. However, silver was lacking participation and was vulnerable.

### NEW YORK

**ALUMINIUM 40,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 49.75 | 49.75 | 49.75 | 49.35 |
| Jan | 50.10 | — | — | 49.70 |
| Feb | 50.35 | — | — | 49.95 |
| March | 50.55 | 50.60 | 50.45 | 50.20 |
| May | 50.75 | 50.75 | 50.75 | 50.50 |
| July | 51.00 | 51.00 | 51.00 | 50.85 |
| Sept | 51.20 | — | — | 51.05 |
| Dec | 51.30 | — | — | 51.15 |
| Jan | 51.50 | — | — | 51.35 |
| March | 51.60 | — | — | 51.45 |

**COCOA 10 tonnes, $/tonne**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 1807 | 1813 | 1811 | 1819 |
| March | 1850 | 1854 | 1844 | 1859 |
| May | 1881 | 1885 | 1878 | 1892 |
| July | 1908 | 1908 | 1906 | 1918 |
| Sept | 1928 | 1926 | 1920 | 1943 |
| Dec | 1950 | 1954 | 1945 | 1964 |
| March | 1976 | — | — | 1988 |

**COFFEE "C" 37,500 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 138.75 | 142.90 | 138.00 | 143.00 |
| March | 140.48 | 142.90 | 139.70 | 143.25 |
| May | 141.75 | 143.20 | 141.75 | 145.75 |
| July | 142.24 | 143.25 | 142.24 | 146.24 |
| Sept | 143.26 | 144.00 | 143.00 | 147.00 |
| Dec | 144.00 | 145.00 | 144.00 | 147.50 |
| May | 146.16 | — | — | 149.32 |

**COPPER 25,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 59.90 | 60.30 | 59.85 | 60.20 |
| Jan | 59.86 | — | — | 60.15 |
| Feb | 60.10 | — | — | 60.40 |
| March | 60.35 | 60.80 | 60.35 | 60.65 |
| May | 60.95 | 61.30 | 60.95 | 61.15 |
| July | 61.30 | 61.70 | 61.30 | 61.50 |
| Sept | 61.55 | 61.90 | 61.80 | 61.75 |
| Dec | 62.00 | 62.25 | 62.10 | 62.20 |
| Jan | 62.20 | — | — | 62.40 |
| March | 62.55 | — | — | 62.75 |

**COTTON 50,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 55.25 | 55.20 | 54.30 | 54.40 |
| March | 55.40 | 55.66 | 54.35 | 54.75 |
| May | 55.65 | 55.88 | 54.95 | 55.18 |
| July | 55.85 | 56.15 | 55.32 | 55.18 |
| Oct | 56.40 | 56.35 | 56.35 | 56.18 |
| Dec | 56.60 | 57.25 | 56.45 | 56.60 |
| March | 56.90 | — | — | 56.80 |
| May | 57.10 | — | — | 57.05 |

**CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Jan | 14.99 | 15.15 | 14.98 | 15.13 |
| Feb | 15.13 | 15.30 | 15.11 | 15.28 |
| March | 15.15 | 15.30 | 15.15 | 15.25 |
| April | 15.16 | 15.23 | 15.14 | 15.21 |
| May | 15.13 | 15.20 | 15.12 | 15.17 |
| June | 15.19 | 15.19 | 15.15 | 15.13 |
| July | 15.19 | 15.19 | 15.10 | 15.09 |
| Aug | 15.18 | 15.15 | 15.11 | 15.05 |
| Sept | 15.00 | — | — | 15.01 |

**GOLD 100 troy oz, $/troy oz**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 390.3 | 390.9 | 387.0 | 389.5 |
| Jan | 392.2 | — | — | 391.4 |
| Feb | 393.7 | 394.4 | 389.5 | 392.9 |
| April | 397.1 | 397.5 | 392.5 | 396.3 |
| June | 400.4 | 400.0 | 396.8 | 399.6 |
| Aug | 403.7 | 403.5 | 403.5 | 402.9 |
| Oct | 406.9 | — | — | 406.1 |
| Dec | 410.4 | 410.0 | 407.0 | 409.6 |
| Feb | 414.1 | 410.0 | 410.0 | 413.3 |
| June | 421.9 | — | — | 421.1 |
| Oct | 406.9 | — | — | 406.1 |

**HEATING OIL 42,000 US gallons, cents/US gallons**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Jan | 43.65 | 44.30 | 43.60 | 44.10 |
| Feb | 44.10 | 44.90 | 44.00 | 44.72 |
| March | 42.75 | 43.50 | 42.75 | 43.34 |
| April | 41.30 | 42.00 | 41.30 | 41.90 |
| May | 40.30 | 40.65 | 40.30 | 40.70 |
| June | 39.90 | — | 39.90 | 40.15 |
| July | 40.25 | 40.25 | 40.25 | 40.20 |
| Aug | 40.10 | — | — | 41.00 |

**ORANGE JUICE 15,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 127.00 | 127.40 | 126.10 | 126.40 |
| March | 128.25 | 128.80 | 127.25 | 127.75 |
| May | 128.80 | 129.00 | 128.00 | 127.95 |
| July | 128.70 | 129.00 | 128.00 | 127.75 |
| Sept | 129.10 | 128.75 | 128.00 | 128.00 |
| Jan | 129.30 | — | — | 127.90 |

**PLATINUM 50 troy oz, $/troy oz**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 478.5 | 482.5 | 482.5 | 479.8 |
| Jan | 479.9 | 483.4 | 474.0 | 481.2 |
| April | 483.4 | 485.5 | 478.0 | 484.8 |
| July | 486.9 | 489.0 | 480.5 | 488.6 |
| Jan | 495.4 | 487.0 | 495.0 | 496.9 |

**SILVER 5,000 troy oz, cents/troy oz**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 537.9 | 538.7 | 532.0 | 537.6 |
| Jan | 540.2 | 538.0 | 535.0 | 540.0 |
| Feb | 542.8 | — | — | 542.7 |
| March | 545.5 | 547.0 | 539.0 | 545.5 |
| May | 550.8 | 550.0 | 545.0 | 550.8 |
| July | 556.3 | 556.5 | 550.0 | 556.3 |
| Sept | 61.9 | — | — | 561.9 |
| Dec | 570.3 | 571.0 | 566.0 | 570.2 |
| Jan | 575.3 | — | — | 573.2 |
| March | 579.1 | — | — | 578.9 |

**SUGAR WORLD "11" 112,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 6.30 | 6.20 | 6.30 | 6.20 |
| March | 6.96 | 7.01 | 6.89 | 6.89 |
| May | 7.10 | 7.14 | 7.02 | 7.09 |
| July | 7.18 | 7.22 | 7.13 | 7.20 |
| Sept | 7.23 | — | — | 7.25 |
| Oct | 7.35 | 7.40 | 7.33 | 7.40 |
| Jan | 7.46 | — | — | 7.46 |

### CHICAGO

**WHEAT 5,000 bu min, cents/60 lb bushel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 284.6 | 288.6 | 283.4 | 286.0 |
| March | 282.6 | 284.4 | 282.0 | 282.0 |
| May | 267.6 | 268.6 | 267.0 | 267.0 |
| July | 248.4 | 250.0 | 248.2 | 249.0 |
| Sept | 249.4 | 251.0 | 249.4 | 249.6 |
| Dec | 254.4 | 255.0 | 254.4 | 255.4 |

**LIVE CATTLE 40,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 60.45 | 61.20 | 60.35 | 61.40 |
| Feb | 56.60 | 57.32 | 56.55 | 57.37 |
| April | 56.72 | 57.30 | 56.60 | 57.05 |
| June | 56.17 | 56.65 | 56.10 | 56.37 |
| August | 55.52 | 55.60 | 55.20 | 55.55 |

**LIVE HOGS 30,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 56.07 | 56.70 | 55.92 | 56.27 |
| Feb | 52.00 | 52.82 | 51.85 | 52.55 |
| April | 46.22 | 47.10 | 46.20 | 46.97 |
| June | 48.12 | 48.75 | 48.05 | 48.75 |
| July | 47.65 | 48.45 | 47.60 | 48.20 |
| August | 44.62 | 45.45 | 44.62 | 45.30 |
| Oct | 41.50 | 41.95 | 41.50 | 41.85 |
| Dec | 42.25 | 42.25 | 42.10 | 42.15 |

**MAIZE 5,000 bu min, cents/56lb-bushel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 163.0 | 163.4 | 162.0 | 161.0 |
| March | 172.0 | 172.4 | 171.0 | 170.6 |
| May | 178.2 | 179.0 | 177.6 | 177.4 |
| July | 180.4 | 181.0 | 179.6 | 179.6 |
| Sept | 182.2 | 183.2 | 182.2 | 182.0 |
| Dec | 186.4 | 186.6 | 186.0 | 186.0 |
| March | 193.6 | 193.6 | 193.0 | 193.2 |

**PORK BELLIES 38,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | 71.45 | 73.35 | 71.05 | 72.70 |
| March | 69.92 | 71.65 | 69.40 | 71.17 |
| May | 69.30 | 71.00 | 69.02 | 70.52 |
| July | 67.40 | 69.25 | 67.35 | 68.30 |
| August | 65.45 | 67.00 | 65.40 | 66.45 |

**SOYABEANS 5,000 bu min, cents/60lb-bushel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 496.0 | 498.0 | 495.6 | 497.4 |
| March | 499.6 | 501.2 | 499.4 | 500.4 |
| May | 503.4 | 504.4 | 503.0 | 503.6 |
| July | 505.2 | 506.4 | 505.0 | 505.4 |
| August | 504.0 | 505.0 | 504.0 | 504.2 |
| Sept | 496.0 | 498.0 | 496.0 | 497.4 |
| Nov | 497.2 | 498.6 | 497.0 | 497.2 |
| Jan | 505.0 | 506.0 | 504.6 | 506.0 |

**SOYABEAN MEAL 100 tons, $/ton**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 146.3 | 146.4 | 145.5 | 145.5 |
| Jan | 146.2 | 146.3 | 145.5 | 145.6 |
| March | 146.1 | 146.3 | 145.7 | 145.9 |
| May | 146.3 | 146.5 | 146.2 | 146.6 |
| July | 147.0 | 147.2 | 146.7 | 147.0 |
| August | 147.2 | 147.5 | 146.9 | 147.1 |
| Sept | 147.2 | 147.2 | 147.2 | 147.2 |
| Oct | 147.3 | 147.5 | 147.3 | 147.7 |
| Dec | 148.5 | 148.7 | 148.5 | 148.6 |

**SOYABEAN OIL 60,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 15.01 | 15.28 | 15.00 | 15.33 |
| Jan | 15.14 | 15.35 | 15.13 | 15.43 |
| March | 15.45 | 15.63 | 15.44 | 15.72 |
| May | 15.73 | 15.88 | 15.72 | 15.96 |
| July | 15.90 | 16.03 | 15.88 | 16.10 |
| August | 15.95 | 16.00 | 15.90 | 16.10 |
| Sept | 15.90 | 15.95 | 15.85 | 16.00 |
| Oct | 15.85 | 15.95 | 15.78 | 16.05 |
| Dec | 15.86 | 15.80 | 15.90 | 16.05 |
| Jan | 15.85 | 15.90 | 15.90 | 16.02 |

SPOT PRICES—Chicago loose lard 13.50 (same) cents per pound. Handy and Harman silver bullion 532.5 (539.0) cents per troy ounce.

PARIS—(FFr per tonne): Mar 1242/1245, May 1268/1276, Aug 1300/1310, Oct 1340/1345, Dec 1375/1395, Mar 1425/1435.

### MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.43p per kg lw (+3.35). GB—Sheep 211.02p per kg est dcw (+20.09). GB—Pigs 78.94p per kg lw (+1.02).

FUTURES—Pigs: Feb 95.30. Sales: 4.

### FREIGHT FUTURES

| | Close | High/Low | Prev. |
|---|---|---|---|
| | Dry Cargo | | |
| Jan. | 675 | 675/670 | 667/668 |
| April | 696/698 | 700/690 | 695/697 |
| July | 608/610 | 608 | 604/605 |
| Oct. | 705/708 | 700 | 703/705 |
| Jan. | 712/714 | — | 710/712 |
| Apr. | 740/750 | — | 750/760 |
| July | 660/665 | — | 655/665 |
| Oct. | 750/665 | — | 750/790 |
| BFI. | 710 | — | 713 |

Turnover: 51 (173).

| | Close | High/Low | Prev. |
|---|---|---|---|
| | Tankers | | |
| Dec. | 920/1,000 | — | 935/1,000 |
| BTI. | 972.5 | — | 975 |

Turnover: 0 (0).

### RUBBER

PHYSICALS — The London market opened steadier, and with sellers reserved, closed uncertain, reports Lewis and Peat. Closing prices (buyers): Spot 64.00p (63.00p); Jan 62.00 (61.00p); Feb 62.25p (61.25p). The Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 216 (same) and SMR 193 (192).

FUTURES—Index 663, Jan 660-670, Jan-March 665-675, April-June 675-685, July-Sept 681-695. Sales: Nil.

### TEA

Thirty thousand nine hundred and eleven packages were on offer at the London tea auction, including 1,800 packages in the offshore section, reports the Tea Brokers' Association. Selected coloury Assams and some plainer lines held values but the remainder again met limited competition and lost 5-10p, where sold. Bangladesh teas were 3-5p lower. Best liquoring East Africans were quite well supported at firm rates, while mediums were irregular and closed 4-8p lower. Central Africans opened slightly easier but closed rather weak with plainer types difficult of sale. Ceylons came in for good demand at firm rates. Offshore teas received fair enquiry but prices were several pence lower. Quotations: quality 178p a kg (185p); medium 148p a kg (148p); low medium 113p a kg (115p).

### COTTON

LIVERPOOL—Spot and shipment sales for the week commencing December 1 amounted to 1,331 tonnes against 903 tonnes in the previous week. Improved demand brought business in Chinese, Turkish, American, Egyptian, Russian and West African growths.

# CURRENCIES, MONEY & CAPITAL MARKETS



## FOREIGN EXCHANGES

# French franc loses ground

THE FRENCH franc lost ground yesterday but finished above the day's lows. Early trading saw the franc fall sharply as the Bank of France abandoned its defense of the FFr 3.2760 level against the D-Mark. The D-Mark subsequently rose to FFr 3.2900 and was fixed in Paris at FFr 3.2851 up from FFr 3.2760 on Friday. However it eased during the afternoon to close in London at FFr 3.2757 although this was still up from Friday's close of FFr 3.2734.

Early losses were seen as a direct result of the market's concern over recent student riots in Paris and fears of an escalation. However the authorities acted quickly to restore calm and confidence by withdrawing the controversial university legislation and pushing up its seven-day intervention rate in the money market. There were no obvious signs of any direct intervention in the foreign exchange market.

On Bank of England figures, its exchange rate index fell to 70.8 from 71.1.

The dollar rose to FFr 6.5825 from FFr 6.55, having touched a high of FFr 6.6075. The US unit was firmer elsewhere, underpinned by persistent corporate demand ahead of the year end. Trading was rather quiet on the whole with many traders keeping to the sidelines until the New Year. Dealers noted concern about the continuing controversy caused by the sale of arms to Iran but this was insufficient to push the dollar weaker. It closed at DM 2.0095 up from DM 2.0010 and SFr 1.6875 compared with SFr 1.6715. Against the yen it was unchanged at Y162.35. On Bank of England figures, the dollar's exchange rate index rose from 110.5 to 111.0, its fifth consecutive rise.

**STERLING — Trading range against the dollar in 1986 is 1.5555 to 1.3700. November average 1.4250. Exchange rate index 68.0, unchanged from the opening but down from 68.1 on Friday. The six months ago figure was 75.6.**

Sterling lost ground against the dollar and also registered falls against its major European partners. Trading was lacklustre for much of the day with news of a 0.2 per cent rise in November producer prices and an unchanged retail sales figure for October having little effect. Traders were a little cautious ahead of this week's meeting of Opec ministers. The pound fell to DM 2.8550 from DM 2.8600 and Y230.50 from Y232.0. It was also weaker against the French franc at FFr 9.35 from FFr 9.36 and SFr 2.3850 from SFr 2.3875. Against the dollar it slipped to $1.4205 from $1.4290.

**D-MARK — Trading range against the dollar in 1986 is 2.4710 to 1.9660. November average 2.0227. Exchange rate index 142.8 against 135.0 six months ago.**

Trading was quiet and featureless in Frankfurt. The dollar was fixed at DM 2.0099 up from DM 1.9975 on Friday and there was no intervention by the Bundesbank. Corporate demand ahead of the year end helped to push the dollar firmer but there was some reluctance to push through the DM 2.01 level. Elsewhere the French franc was fixed at DM 30.45 per FFr 100 down from DM 30.52 on Friday as recent unrest in Paris sapped confidence. The dollar closed at DM 2.0110 from DM 1.9945.

**JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 152.35. November average 162.77. Exchange rate index 205.6 against 205.3 six months ago.**

Trading was quiet in Tokyo yesterday. The Iranian arms scandal appeared to be the major topic of conversation but there was little influence on the dollar in what is fast becoming a technical pre year-end market. The dollar closed at Y162.35 compared with Y162.55 in New York and Y162.80 in Tokyo on Friday. Trading was confined to a narrow range and there seems to be little chance of much movement before US economic statistics are released later this week. Elsewhere the D-Mark eased to Y81.05 from Y81.50.

### £ IN NEW YORK

| Dec 8 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.4200-1.4205 | 1.4315-1.4325 |
| 1 month | 0.56-0.53 pm | 0.58-0.56 pm |
| 3 months | 1.79-1.74 pm | 1.80-1.77 pm |
| 12 months | 6.35-6.25 pm | 6.83-6.72 pm |

Forward premiums and discounts apply to the U.S. dollar.

### STERLING INDEX

| | Dec. 8 | Previous |
|---|---|---|
| 8.30 am | 68.0 | 68.0 |
| 9.00 am | 68.0 | 68.1 |
| 10.00 am | 68.0 | 68.0 |
| 11.00 am | 68.1 | 68.1 |
| Noon | 68.0 | 68.1 |
| 1.00 pm | 68.0 | 68.2 |
| 2.00 pm | 68.0 | 68.1 |
| 3.00 pm | 68.1 | 68.0 |
| 4.00 pm | 68.0 | 68.1 |

### CURRENCY MOVEMENTS

| December 8 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 68.0 | −25.5 |
| U.S. Dollar | 111.0 | +2.9 |
| Canadian Dollar | 77.8 | −12.1 |
| Austrian Schilling | 133.7 | +9.4 |
| Belgian Franc | 97.4 | −5.6 |
| Danish Krone | 90.0 | +2.4 |
| Deutsche Mark | 142.8 | +19.9 |
| Swiss Franc | 165.6 | +20.3 |
| Guilder | 130.8 | +13.1 |
| French Franc | 70.8 | −12.5 |
| Lira | 48.2 | −15.5 |
| Yen | 205.6 | +52.8 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

### CURRENCY RATES

| Dec. 8 | Bank rate % | Special Drawing Rights* | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.845520 | 0.729270 |
| U.S. Dollar | 5.5 | 1.20123 | 1.03593 |
| Canadian $ | 8.49 | * | 1.42854 |
| Austrian Sch. | 4 | N/A | 14.6325 |
| Belgian Franc | 8 | 50.2174 | 43.2629 |
| Danish Krone | 7 | 9.11493 | 7.85648 |
| Deutsche Mark | 3½ | 2.40587(1) | 2.07963 |
| Neth. Guilder | 4½ | 2.72919 | 2.35052 |
| French Franc | 9½ | 7.93593 | 6.83195 |

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu December 8 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 43.1139 | 43.2629 | +0.35 | +1.06 | ± 1.5368 |
| Danish Krone | 7.81703 | 7.85648 | +0.50 | +1.21 | ± 1.6403 |
| German D-Mark | 2.11083 | 2.07963 | −1.48 | −0.77 | ± 1.1127 |
| French Franc | 6.87316 | 6.83195 | −0.60 | +0.11 | ± 1.3659 |
| Dutch Guilder | 2.37833 | 2.35052 | −1.17 | −0.46 | ± 1.5059 |
| Irish Punt | 0.764976 | 0.763959 | −0.13 | +0.58 | ± 1.6683 |
| Italian Lira | 1476.95 | 1442.53 | −2.33 | −1.94 | ± 4.0734 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### POUND SPOT—FORWARD AGAINST THE POUND

| Dec. 5 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.4155-1.4240 | 1.4200-1.4210 | 0.61-0.58c pm | 5.03 | 1.80-1.75 pm | 5.00 |
| Canada | 1.9505-1.9637 | 1.9540-1.9550 | 0.53-0.44c pm | 2.98 | 1.48-1.33 pm | 2.88 |
| Netherlands | 3.21¼-3.23 | 3.22-3.23½ | 1½-1¼c pm | 5.12 | 4⅜-4pm | 5.19 |
| Belgium | 59.21-59.50 | 59.40-59.50 | 22-17c pm | 3.94 | 55-46pm | 3.40 |
| Denmark | 10.76-10.80 | 10.77¼-10.78¼ | 1⅛-⅞ | 1.39 | 3⅞-3 pm | 1.29 |
| Ireland | 1.0450-1.0530 | 1.0485-1.0500 | 0.25-0.40p dis | −3.72 | 0.70-1.10 dis | −3.43 |
| W. Germany | 2.85-2.86 | 2.85-2.86 | 1⅝-1⅛ pf pm | 6.30 | 4⅝-4¼ | 6.22 |
| Portugal | 210.98-213.09 | 211.00-212.10 | 80-120 c dis | −5.67 | 216-336 dis | −5.22 |
| Spain | 192.55-193.20 | 192.80-193.20 | 16-34 c dis | −1.55 | 21-71 dis | −0.95 |
| Italy | 1973-1984¼ | 1978½-1979½ | 1-4 lire dis | −0.15 | Par-3 dis | −0.30 |
| Norway | 10.70½-10.76¼ | 10.72¾-10.73¾ | 8½-9¼ ore dis | −9.85 | 18⅝-19¾ dis | −7.15 |
| France | 9.34¼-9.38¼ | 9.34½-9.35½ | 2⅝-2⅛ c pm | 3.05 | 5¼-4⅝ pm | 2.06 |
| Sweden | 9.84¾-9.88¼ | 9.86-9.87 | 1½-1ore pm | 1.52 | 4½-3¾ pm | 1.67 |
| Japan | 230-231¼ | 230-231 | 1½-1¼ y pm | 7.16 | 4-3¾ pm | 6.72 |
| Austria | 19.99-20.10 | 19.99-20.03 | 9¼-7⅞ gro pm | 5.13 | 28⅝-25pm | 5.36 |
| Switzerland | 2.38-2.39¼ | 2.38-2.39 | 1½-1¼ c pm | 6.92 | 4¼-3⅞ pm | 6.81 |

Belgian rate is for convertible francs. Financial franc 59.80-59.90. Six-month forward dollar 3.65-3.60 c pm. 12-month 6.82-6.72 c pm

### DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

| Dec. 5 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.4155-1.4240 | 1.4200-1.4210 | 0.61-0.58c pm | 5.03 | 1.80-1.75pm | 5.00 |
| Ireland† | 1.3512-1.3577 | 1.3535-1.3545 | 0.95-0.85pm | 7.96 | 2.75-2.58pm | 7.86 |
| Canada | 1.3770-1.3805 | 1.3770-1.3780 | 0.22-0.25c dis | −2.04 | 0.72-0.77dis | −2.16 |
| Netherlands | 2.2610-2.2775 | 2.2705-2.2715 | 0.05-0.01c pm | 0.16 | 0.13-0.08pm | 0.18 |
| Belgium | 40.63-41.86 | 41.80-41.90 | 3-5c dis | −1.15 | 15-19 dis | 1.63 |
| Denmark | 7.54½-7.60¼ | 7.58½-7.59 | 1.70-2.30ore dis | −3.16 | 6.35-6.95 dis | −3.50 |
| W. Germany | 1.9995-2.0150 | 2.0090-2.0100 | 0.24-0.21pf pm | 1.34 | 0.64-0.60 pm | 1.23 |
| Portugal | 149¼-150 | 149½-150.00 | 120-145c dis | −10.64 | 340-420 dis | −10.17 |
| Spain | 135.50-136.15 | 136.05-136.15 | 65-75c dis | −6.18 | 190-220 dis | −6.03 |

## FINANCIAL FUTURES

# Gilt prices fall

LONG GILT prices lost ground in the London International Financial Futures Exchange yesterday in rather dull trading. Volume was down from last week as dealers reacted to proximity of Christmas and the New Year. Trading conditions were rather lack-lustre anyway and the weaker trend was seen as a follow through to a sell off in the Treasury bond market in Chicago on Friday. In addition sterling opened on a slightly softer note, with dealers suggesting that this week's Opec meeting was likely to have an unsettling influence.

The March contract opened at 107-22 down from 108-07 on Friday but managed to touch a high of 108-04 before slipping away to close at 107-17. The high was touched during the afternoon as sterling recovered from the day's low against the D-Mark. However the outlook remained far from cheerful with sterling's vulnerability tending to inhibit any upward potential.

Three-month sterling deposits were confined to a very narrow range, deriving no inspiration from a static cash market. The March contract barely traded 1,000 lots and finished unchanged from its opening level of 88.61 compared with 88.64 on Friday.

US Treasury bonds finished on a weak note. Sentiment was affected by last week's slightly better than expected US employment figures which gave rise to a belief that any decision by the authorities on whether to cut interest rate could be delayed. There were no other economic factors and dealers suggested that most people were waiting for the release of retail sales and industrial production later this week. The March price opened at 99-02 down from 99-28 on Friday and eased to a close of 98-21.

### LIFFE LONG GILT FUTURES OPTIONS

| Strike Price | Calls—Last Mar. | Calls—Last June | Puts—Last Mar. | Puts—Last June |
|---|---|---|---|---|
| 100 | 7.47 | 8.27 | 0.13 | 0.51 |
| 102 | 5.62 | 6.55 | 0.28 | 1.15 |
| 104 | 4.25 | 5.30 | 0.55 | 1.54 |
| 106 | 3.04 | 4.17 | 1.34 | 2.41 |
| 108 | 2.00 | 3.15 | 2.30 | 3.39 |
| 110 | 1.14 | 2.25 | 3.44 | 4.49 |
| 112 | 0.45 | 1.46 | 5.11 | 6.06 |
| 114 | 0.24 | 1.13 | 6.54 | 7.37 |

### LIFFE US TREASURY BOND FUTURES OPTIONS

| Strike Price | Calls—Last Mar. | Calls—Last June | Puts—Last Mar. | Puts—Last June |
|---|---|---|---|---|
| 90 | 8.52 | 8.21 | 0.10 | 0.39 |
| 92 | 7.00 | 6.47 | 0.22 | 1.01 |
| 94 | 5.23 | 5.20 | 0.45 | 1.38 |
| 96 | 3.58 | 4.04 | 1.16 | 2.22 |
| 98 | 2.45 | 3.01 | 2.03 | 3.19 |
| 100 | 1.50 | 2.12 | 3.08 | 4.30 |
| 102 | 1.07 | 1.34 | 4.29 | 5.52 |
| 104 | 0.41 | 1.02 | 5.63 | 7.20 |

### LIFFE FT-SE 100 INDEX FUTURES OPTIONS

| Strike Price | Calls—Last Dec. | Calls—Last Jan. | Puts—Last Dec. | Puts—Last Jan. |
|---|---|---|---|---|
| 15500 | 8.06 | — | 0.06 | — |
| 15750 | 5.72 | 8.65 | 0.22 | 0.35 |
| 16000 | 3.66 | 6.53 | 0.66 | 0.73 |
| 16250 | 2.04 | 4.68 | 1.54 | 1.38 |
| 16500 | 0.97 | 3.16 | 2.97 | 2.36 |
| 16750 | 0.38 | 1.99 | 4.88 | 3.69 |
| 17000 | 0.12 | 1.17 | 7.12 | 5.37 |
| 17250 | 0.03 | 0.64 | 9.53 | 7.34 |

## EUROPEAN OPTIONS EXCHANGE

## BASE LENDING RATES

# £ WORLD VALUE OF THE POUND

**The table below gives the latest available rate of exchange for the pound against various currencies on December 8, 1986. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.**

*Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (cb) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.*

| COUNTRY | CURRENCY | VALUE OF £ STERLING |
|---|---|---|
| Afghanistan | Afghani | 99.00 |
| Albania | Lek | 10.02 |
| Algeria | Dinar | 6.58 |
| Andorra | French Franc | 9.35 |
| | Spanish Peseta | 193.00 |
| Angola | Kwanza | 43.23 |
| Antigua | E. Caribbean $ | 3.84 |
| Argentina | Austral | 1.6925 |
| Ghana | Cedi | 216.0680 |
| Gibraltar | Gibraltar £ | 1.0 |
| Greece | Drachma | 199.69 |
| Greenland | Danish Krone | 10.7775 |
| Grenada | E. Caribbean $ | 3.84 |
| Guadaloupe | Local Franc | 9.35 |
| Guam | U.S. $ | 1.4205 |
| Panama | Balbao | 1.4205 |
| Papua New Guinea | Kina | 1.3827 |
| Paraguay | Guarani | 341.16 |
| | | 867.425 |
| Peru | Inti | (exc(o)20.01 |
| | | 28.0585 |
| Philippines | Philippine Peso | 28.60 |

## MONEY MARKETS

# Rates little changed

INTEREST RATES were barely changed in London yesterday. Trading was rather quiet in the periods, with a steady pound and no fresh factors leaving rates much the same as on Friday. The three-month interbank rate was quoted at 11½-11¾ per cent, unchanged from Friday. Overnight money opened at 11½-11¼ per cent as the market faced a large shortage, exacerbated by payments fro British Gas. However rates eased during the day as the authorities injected liquidity and a low of 4 per cent was touched before late demand pushed the rate back to 9 per cent.

**UK clearing bank base lending rate 11 per cent since October 15**

The Bank of England forecast a shortage of around £900m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £638m and Exchequer transactions a further £510m. In addition banks brought forward balances £130m below target. These were partly offset by a fall in the note circulation of £380m. To help alleviate the shortage, the Bank offered an early round of help which totalled £293m and comprised outright purchases of £95m of eligible bank bills in band 1 at 10⅞ per cent, £3m in band 2 at 10{illegible} per cent, £62m in band 3 at 10¾ per cent and £133m in band 4 at 10{illegible} per cent.

The Bank revised its forecast to a shortage of around £1,000m before taking into account the early help and gave assistance in the morning of £255m. This comprised outright purchases of £11m of eligible bank bills in band 1, £5m in band 2, £19m in band 3 and £220m in band 4.

Further help was given in the afternoon of £325m. This comprised outright purchases of £128m of eligible bank bills in band 1, £21m in band 2 and £61m in band 3. In band 4 it bought £26m of local authority bills and £91m of eligible bank bills.

In Frankfurt the Bundesbank announced its intention to offer a fresh sale and repurchase agreement in order to boost money market liquidity. Once again the 35-day facility carries a minimum, not fixed, bid rate of 4.3 per cent. Successful applicants will be credited tomorrow, coinciding with a maturing facility which will drain DM 6.1bn from the system.

Call money was quoted as high as 5.5 per cent, its effective ceiling, as banks sought funds to meet major tax payments later this month.

In Paris the Bank of France increased its rate on seven day repurchases to 8¼ per cent from 7¾ per cent. Coming only a week after it had been cut to 7½ per cent from 8¼ per cent, yesterday's move was seen as a serious attempt by the authorities to show their determination to defend the French franc. The latter had lost ground against the D-Mark in the wake of recent student riots.

## FT LONDON INTERBANK FIXING

## MONEY RATES

## LONDON MONEY RATES

# LONDON SHARE SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

Building Societies

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Financial

## FOREIGN BONDS & RAILS

## AMERICANS

## AMERICANS—Cont.

## CANADIANS

## BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## BUILDING, TIMBER, ROADS

## BUILDING, TIMBER, ROADS—Cont.

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## DRAPERY & STORES—Cont.

## ELECTRICALS

## ENGINEERING

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

| High | Low | Stock | Price | + or - | Div Net | C'vr | Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 260 | 179 | AAH | 233 | ..... | †7.8 | 2.5 | 4.8 | 11.7 |
| £21¼ | £16 | AGA AB K25 | £18½ | −¼ | vQ16% | 2.1 | 2.2 | 21.0 |
| 239 | 147 | AGB Research 10p | 172 | ..... | 6.75 | 0.8 | 5.5 | (34.9) |
| 131 | 94 | AIM 10p | 128 | +1 | d5.75 | 1.7 | 6.3 | 13.2 |
| 232 | 155 | ‡ASD £1 | 178 | ..... | 8.0 | 3.0 | 6.6 | 7.1 |
| 110 | 76½ | Aaronson Bros. 10p | 86 | +1 | 4.2 | 1.8 | 6.9 | 9.5 |
| 134 | 93 | ‡Abbeycrest 10p | 132 | ..... | 22.5 | 2.8 | 2.7 | 18.8 |
| 52 | 30 | Aberfoyle Hldgs. 5p | 33 | ..... | §1.0 | 1.3 | 4.3 | (22.6) |
| 127 | 90 | ‡Airsprung Group 10p | 95 | +4 | 5.4 | 2.8 | 8.0 | 6.3 |
| 378 | 207 | Alexandra Wkwear 10p | 360 | −5 | †6.0 | 3.2 | 2.3 | 18.8 |
| £34⅞ | £22⅞ | Alfa-Laval AB'B'Sk50 | £30 | −⅞ | Q20% | 3.6 | 3.5 | 8.1 |
| 38½ | 22½ | Allied Plant 5p | 32½ | ..... | B— | — | — | 30.0 |
| 205 | 138 | Alumasc | 201 | ..... | R5.85 | 2.7 | 4.1 | 12.8 |
| 168 | 103½ | Amari | 104 | ..... | 6.2 | 2.4 | 8.1 | 7.1 |

## INDUSTRIALS—Continued

هكذا منه الأصل

## INDUSTRIALS—Continued

| 1986 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 192 | 70 | ♦Wetrec 10p | 80 | +2 | L2.4b | 2.6 | 4.3 | 12.6 |
| 78½ | 45 | Mitchell Cotts | 66 | +3½ | 1.5 | 2.2 | 3.2 | 17.0 |
| 128 | 81 | ♦Monks & Crane 10p. | 124 | ..... | L2.7 | 2.9 | 3.1 | 15.0 |
| 323 | 230 | Morgan Crucible | 302 | ..... | 18.5 | 1.5 | 3.8 | 20.7 |
| 23½ | 15½ | ♦Moore (W.F.) A 20p | 15½ | ..... | — | — | — | — |
| 157 | 65 | Myson Grp 10p | 148 | –1 | t2.63 | 2.6 | 2.5 | 19.1 |
| 365 | 230 | ♦NMW Computers | 290 | –5 | 76.0 | 3.0 | 3.7 | 13.2 |
| 131 | 27 | Nash Inds | 126 | +3 | t0.5 | — | 0.6 | — |
| ‡22½ | 12½ | Neil & Spencer 10p | 13 | ..... | — | — | — | — |
| 39 | 28 | Newman Inds 10p | 37 | ..... | t0.8 | 1.5 | 3.0 | (28.1) |
| 134 | 65 | Noble & Lund 10p | 86 | ..... | 0.7 | 4.3 | 1.2 | 27.7 |
| 65 | 39 | Nolton | 47 | ..... | 1.2 | 2.9 | 3.6 | 13.5 |
| 150 | 96 | ♦Norank Systems 5p | 127 | –1 | m1.5 | — | 1.7 | 76.3 |
| 286 | 187 | Norcros | 258 | +1 | 9.3 | 2.2 | 5.1 | 12.3 |
| 195 | 49 | Nu-Swift 5p | 194 | ..... | t3.5 | 2.1 | 2.5 | 28.1 |
| £256½ | £228 | OCE 9pc Cnv 1987-92 | £322½ | ..... | Q9% | — | Q2.8 | — |
| 118 | 80 | Oakwood Grp | 98 | ..... | t5.0 | 1.3 | ‡ | 12.2 |
| 250 | 173 | Office & Elect | 176 | +3 | 8.5 | 2.9 | 6.8 | 7.2 |
| 34 | 25 | ♦Ommarch 1p | 30 | –1 | — | — | — | — |
| 36 | 18 | ♦Optometrics $0.01 | 20 | ..... | — | — | — | — |
| 890 | 500 | Ordway £1 | 865 | +5 | t24.5 | 2.1 | 4.0 | 16.8 |
| 10 | 5 | Oversland 12½p | 7¢ | ..... | g0.123c | 1.9 | 14.3 | 3.7 |
| 142 | 85 | ♦PCT Grp 10p | 110 | –3 | 43.2 | — | 4.0 | — |
| £20½ | £13¾ | P.L.M. 'B' Sk 25 | £35¼ | ..... | Q23.2% | 0.3 | 3.9 | — |
| 195 | 114 | PSM Intl | 193 | ..... | s4.5 | 2.1 | 4.1 | 14.4 |
| 255 | 160 | ♦Pacer Systems $0.01 | 175 | ..... | ..... | 3.4 | 1.5 | 29.5 |
| 78 | 46 | ♦Pacific Sales 10p | 46 | ..... | 3.8 | 1.4 | 9.2 | 11.0 |
| 445 | 246 | Parker Knoll 'A' | 434 | +2 | 12.0 | 3.2 | 4.1 | 10.9 |
| 222 | 83 | ♦Parkfield Group 2p | 195 | –1 | 3.6 | 4.2 | 2.6 | 12.4 |
| 53 | 17 | ♦Pawson Intl | 21 | ..... | — | — | — | 5.6 |
| £130 | £64½ | Do. 11pc CnLn '94-02 | £90½ | ..... | Q11% | — | Q14.2 | — |
| 608 | 393 | Pearson | 578 | ..... | t10.6 | 2.8 | 2.4 | 18.8 |
| 50 | 12 | Peek Holdings 3p | 37½ | –1 | — | — | — | — |
| 176 | 88 | Peerless | 170 | –6 | 6.3 | 1.5 | 5.2 | (35.2) |

## LEISURE—Continued

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

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## PROPERTY—Continued

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## TEXTILES

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## TRUSTS, FINANCE, LAND

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## INVESTMENT TRUSTS—Cont.

### Finance, Land, etc

## FINANCE, LAND—Cont.

## OIL AND GAS

## OVERSEAS TRADERS

## PLANTATIONS

### Rubbers, Palm Oil

### Teas

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Diamond and Platinum

### Central African

### Finance

### Australians

### Tins

### Miscellaneous

| 1986 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 42 | 19½ | Anglo Utd | 26 | –1 | — | — | — |
| 80 | 27 | ♥Colby Res Corp | 33½ | –1½ | — | — | — |
| 300 | 115 | Cons. Murch. 10c | 62 | +¼ | Q60c | 4.4 | 9.3 |
| 44 | 24 | ♥Ennex Int. Ir10p | 41 | +1 | — | — | — |
| 159 | 70 | Greenwich Res | 154 | +2 | — | — | — |
| 157 | 93 | Hampton Areas 10p | 146 | ..... | ♦1.0 | — | 1.0 |
| 327 | 165 | ♥Highwood Res | 227 | –4 | — | — | — |
| £20¼ | £13¾ | Homestake Mining $1 | £18⅞ | –⅛ | Q20c | — | 0.7 |
| 310 | 156 | ♥McFinley Red Lake | 204 | +1 | — | — | — |
| 285 | 144 | ♥Mount Explorations | 191 | –2 | — | — | — |
| 51 | 28 | ♥New Sabaru Res C$1 | 40 | –3½ | — | — | — |
| 353 | 200 | Northgate C$1 | 306 | –1 | — | — | — |
| 790 | 513 | RTZ | 659 | ..... | 22.0 | 2.4 | 4.6 |
| £164 | £115 | Do. 9½pcLn '95-2000 | £137¼ | –½ | Q9½% | 15.5 | 7.1 |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ♣ Same interim: reduced final and/or reduced earnings indicated.
- ¥ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| Stock | Price | + or – |
|---|---|---|
| Albany Inv 20p | 60 | ..... |
| Craig & Rose £1 | £15 | ..... |
| Finlay Pkg. 5p | 47 | ..... |
| Holt (Jos) 25p | 810 | ..... |
| IoM Stm. £1 | 76 | –2 |
| **IRISH** | | |
| Fund 11¼% 1988 | £97 | ..... |
| Nat. 9¾% 84/89 | £91⅝ | ..... |
| Fin. 13% 97/02 | £96⅝ | +⅞ |
| Arnotts | 360 | +10 |
| CPI Hldgs | 48 | ..... |
| Carroll Inds. | 141 | ..... |
| Dublin Gas | 10 | ..... |
| Hall (R. & H.) | 95 | ..... |
| Heiton Hldgs. | 26 | –1 |
| Irish Ropes | 140 | ..... |
| Unidare | 260 | ..... |

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(International Edition Page 35)

# LONDON STOCK EXCHANGE

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Nov 24 | Dec 4 | Dec 5 | Dec 15 |
| Dec 8 | Dec 18 | Dec 19 | Jan 5 |
| Dec 22 | Jan 8 | Jan 9 | Jan 19 |

* New time dealings may take place from 9.00 am two business days earlier.

# Massive trading in British Gas dominates equities while Gilt-edged shade easier

The UK stock market was in good form yesterday, as investors responded to optimistic forecasts on the British economy and to the highly successful start of dealings in the newly privatised **British Gas**. Renewed takeover activity indicated the market's brighter mood as nerves steadied after the traumas brought on by last week's spate of official inquiries into market irregularities.

The Government bond market, however, was easier for most of the session, closing flat as the pound began to flag towards the end of the day.

The FT-SE 100 index put on 13 points at best, before closing off the top with a net gain of 9.9 at 1623.4. At 1275.5, the FT Ordinary index gained 7.0.

Equity turnover was comfortably brisk until the commencement of dealings in British Gas, at 2.30 pm, brought a rush of UK and foreign institutional investors eager to trade in the newcomer.

Turnover in British Gas, at 800m shares, exceeded previous records for the equity market as a whole. Massive blocks of shares were traded with the largest being a short 10m.

After briefly touching 70p—for at least one very large trade of 9.9m shares—British Gas ended at 62½p, a premium of 12½p on the offer price. While trade was two-way for much of the sesioin, Japanese and North American institutions were heavy buyers of the stock.

The major oil stocks, against which British Gas must now be rated, traded higher as news was awaited from this week's meeting of the Opec producers.

Among a batch of powerful features in the internationals, **Unilever** stood out with another sharp rise which reflected UK press comment on the planned acquisition of Chesebrough Pond's.

**Glaxo Holdings** moved up sharply following the chairman's comments at the annual meeting, and **Imperial Chemical Industries** and **Jaguar** again found US buyers.

The gilt-edged market opened lower as the latest reports on the US and UK economies suggested a quickening in the economic pace. Later bond prices steadied after the market took a favourable view of the UK producer prices and retail sales statistics—only to turn off again as the pound weakened. Long-dated issues ended ⅛ or so off, with the FT Government Securities Index 0.30 down at 81.34.

## Morgan Grenfell easier

**Morgan Grenfell** remained overshadowed by Mr Geoffrey Collier's recent departure and the DTI investigation into the affairs of Guinness and dipped nervously to close 4 easier at 369p. Elsewhre, little of interest took place in the bank sector with the clearers narrowly mixed in quiet trading. **Lloyds** softened a penny at 428p and **Barclays** edged forward a penny at 478p.

Composite Insurances returned to favour with **Sun Alliance** notable for a gain of 8 at 843p and **Royals** 7 dearer at 827p. **General Accident** added 5 at 823p and **Commercial Union** firmed 4 at 263p.

All three USM market newcomers established first-day premiums. **Northambrian Fine Foods** were the pick of the bunch, the shares opening some 20p above the placing price of 60p and touching 90p prior to closing at 87p. **Harmony Leisure** settled at 28p compared with the placing price of 23p, while management and design services concern **Tibble Harris** opened at 119p and closed at 120p compared with the placing price of 112p.

Breweries displayed a decidedly firmer bias, although dealers reported merely minimal interest in the sector. **Bass** hardened a few pence to 724p following a favourable weekend press, while **Greenall Whitley** improved slightly to 175p despite the uninspiring interim statement. Also on the results front, **Wolverhampton and Dudley** were marked 9 higher to 559p after revealing preliminary profits at the top end of market estimates accompanied by the additional sweetener of a proposed 1-for-1 scrip issue. Annual figures from **Matthew Brown**, however, stimulated scant attention, investors' interest still clearly centred on Scottish and Newcastle's future intentions towards the company; Brown firmed a couple of pence to 607p, while Scottish, interim results scheduled for next Tuesday, eased 1 to 210p. **Vaux** gave up a few pence to 485p awaiting today's full-year figures, but **Buckleys**, again the subject of "call" option activity, rose 4 to 152p.

Business among leading Buildings was very much of a routine nature and prices showed little change overall. **Redland** edged up 3 to 396p following acquisition news, while **RMC**, still reflecting a broker's profits upgrading, added 5 more to 667p. Secondary issues displayed several noteworthy price movements. **Baggeridge Brick** attracted support ahead of tomorrow's annual results and rose 20 to 445p, while **Phoenix Timber**, half-timer due on Thursday, firmed 2 to 82p. Press comment prompted support for **Cakebread Robey A** which jumped 19 to 79p, while renewed speculative demand lifted **United Ceramic** 10 to 100p. **Anglia Secure Homes** gained 15 to 276p as Cayzer announced that it had increased its stake in the company. **Helical Barf** hardened 5 to 493p on news that its subsidiary Helical Reinforcements had been sold to the existing management for £741,601 cash together with 32,000 B shares in Ashfield Holdings, a company established for the purpose of the acquisition.

Mail order concerns were favoured and **Freemans** advanced 15 to 391p, helped by an encouraging circular from broker's L. Messel and Co. **Empire** gained 8 to 176p while **Gussies "A"**, interim figures expected soon, moved up to £10$\frac{3}{16}$. Other leading stores managed few noteworthy movements with the exceptions of **Woolworth**, 10 better at 655p, and **Storehouse**, 6 firmer at 287p. Speculative demand continued for **Executex**, which rose 10 further to 103p. **Ratners** put on 5 more to 252p and among USM counters, **Gabicci** were raised 5 to 133p.

Electrical majors moved higher in response to renewed support with **Thorn EMI** closing 6 higher at 478p ahead of tomorrow's interim results; dealers forecast first-half profits of around £45m against the previous year's total of £11.2m. **British Telecom**, scheduled to report interim figures on Thursday—profits of just over £1bn are forecast—hardened 2 at 197p, while **plessey** put on 3 at 176p. Elsewhere, **Oxford Instruments**, at 419p, recorded a press-inspired rise of 10, while **Northamber** put on 7 at 179p and **International Signal and Control** gained 5 at 244p for the same reason. **Chloride** also firmed 2½ to 56½p following an investment recommendation and **Gering Kerr** rose 5 to 245p in anticipation of today's preliminary figures. **Memcom** improved 5 at 15p.

**Ranks Hovis McDougall** provided the Food sector's outstanding movement, rising 6½ to 290p xd on mounting speculation that major shareholder Goodman Fielder of Australia is on the verge of making a bid for the company; the shares were trading at around 250p a month ago. Elsewhere, **Tesco** continued to attract buyers in the wake of last week's broker's lunch and firmed 5 afresh to 402p, while **J. Sainsbury** were a shade dearer at 415p xd despite reports of family share sales. **Argyll** added 3 to 305p xd and **ASDA-MFI** a couple of pence to 151p. **M6 Cash and Carry** hardened a couple of pence to 110p following a press mention, while **Sidney C. Banks** rose 13 more to 368p in a restricted market.

**Grand Metropolitan** were a quiet market and settled a couple of pence cheaper at 454p, but **Trusthouse Forte** shrugged aside press reports that recent takeover speculation was unfounded and the price touched 186p prior to closing 1½ higher at 185½p.

The chairman's AGM remarks that the year had started well with group sales up nearly 40 per cent in the first five months induced good support of **Glaxo** which moved ahead strongly to close 21 higher on the session at 923p. **Pilkington** currently in receipt of an unwelcome bid from BTR, yesterday revealed interim profits up 76 per cent at £86.9m prior to its official defence document due to be released tomorrow, and the share hardened 3 to 618; **BTR** closed a penny dearer at 268p. **Unilever** added ½ at £22 following comment on the group's US acquisition of Cheseborough Ponds. Elsewhere in miscellaneous industrials, **Restmor** jumped 20 to 137p in response to the share-exchange bid from **BSG**, 1½ easier at 50½. Favourable weekend Press comment stimulated interest in Pentland which advanced 20 to 495p and **Beatson Clark**, 16 better at 191p. Others to respond to newspaper mention included **Celestion** and **Coloroll**, both 5 higher at 35½p and 225p respectively, while **Spong** closed 1½ dearer at 22½p; it was announced that Cleves Invesments had acquired at 5.29 per cent stake in Spong. Rumoured "shell" situation **Dwek** gained 7 at 138p and speculative improvements of between 6 and 8 were seen in **Charles Baynes**, 34p, **LDH**, 44p, and **Dinkie Heel**, 27p. **Appledore** revived at 258p, up 10, and **Granada** firmed 8 at 291p. **Redfearn Glass** gained 6 at 319p on hopes of a bid from Ron Brierley's IEP Securities. **London and Northern**, at 80½p, lost 2 of last Friday's gain of 11 which greeted news of the unwelcome bid from Demerger Two.

**Supra** replied to agreed share exchange, or partial cash alternative, terms from Evode with a rise of 13 to 86p while the latter eased momentarily to 117p before rallying to close a net 3 dearer at 121p. Major Component groups were rarely altered but Distributors presented the odd feature. **Caffyns** continued in demand at 218p, up 5, and **British Car Auction** made small headway on newspaper mention to 174p. London and Edinburgh Trust have taken a 5 per cent stake in BCA for investment purposes.

Publicity given to **Bemrose's** expansion plans—last Friday the group announced the acquisition of two US companies—touched off fresh support and the shares raced 11 higher to a peak for the year of 194p. **Chapman Industries** prospered on thoughts of a good interim statement today and gained 9 to 225p, while **Cradley Print** advanced about 4½ to 83pxd. **McCorquodale**, however, slipped 10 to 290p and **Norton Opax** gave up 4 at 121p. USM-listed concerns **Thorpac**, up 13 at 207pxd, and **Craton Lodge**, 6 higher at 96p, made progress, while **BBB Design** improved to 66p after the mid-term results. **Saatchi and Saatchi** led Agencies into higher ground, rising to 717p before settling 13 dearer on balance at 703p. **WCRS** put on 10 to 530p.

The undertone in the Property sector remained firm and the leaders made further modest progress. **Land Securities** edged up 3 to 343p and **MEPC** hardened 3½ to 349pxd. **Peachey** attracted early support and touched 296p prior to closing 7 higher at 293p. Elsewhere, **Parkdale** attracted revived demand in the wake of last week's proposed rights issue and closed 6 higher at 85p. **UK Land**, which revealed excellent results last week, moved up 9 to 235p. On the takeover front, **Lynton** soared 55 to 390pxd following the agreed offer worth some £59m from **Property and Reversionary**, itself mentioned recently as a possible takeover candidate. **P & R** lost 19 at 261pxd.

The **Allied Textile** recommended offer for **Bulmer and Lumb**—holders have the option to accept 135p per share cash or a partial share exchange alternative—boosted the B and L share price around 16 to 136pxd. Allied, however, slipped back 8 to 290p. **Sanderson Murray and Elder** rose 20 to 125p, after 130p, in recognition of its shareholding, believed to be about 9.6 per cent, in Bulmer and Lumb. Other Textile movements were minimal.

The call from large shareholder, Water Authority Superannuation Fund, for the board to consider unitisation or other proposals for the winding up of **U.S. Debenture Corporation** directed attention to Investment Trusts, most of which are standing at a sizeable discount to their net asset values. A list of stocks scored double-figure gains including **Scottish Investment**, at 413p, **Scottish Mortgage and Trust**, at 571p, **Berry Trust**, at 260p, and **Northern Securities**, at 226p but **U.S.D.C.** did best of all with a rise of 28 to 326p.

**United Trust and Credit** jumped 45 more to 515p as last week's bid approach was concluded with an agreed offer from **Somportex**, down 5 at 225p.

## Oil quietly firm

The oil majors took a back seat as the stock market debut of British Gas took precedent. Nevertheless, the undertone was quite firm pending the start of the latest OPEC meeting which gets underway on Thursday. The leaders displayed modest gains throughout with **British Petroleum** finishing 4 dearer at 682p and **Shell** closing 9 higher at 954p.

Ireland's **Conroy Petroleum and Natural Resources** settled 10 higher at 648p following the annual meeting at which the chairman gave an update on the drilling programme currently under way in County Kilkenny.

## Golds subdued

Subdued conditions continued to prevail among South African mining markets reflecting widespread feelings that major international trading centres are already winding down ahead of the Christmas holidays. Indeed, dealers in London reiterated the view that the sector is increasingly vulnerable to fluctuations in currency markets.

Initial "cheap" support from Johannesburg was somewhat stifled by the resilient performance of the Financial Rand against the dollar. Bullion's failure to retain earlier higher levels—the metal touched $391.75 before settling $1 up on balance at $389.25 an ounce—left quotations a shade easier for choice and the FT Gold Mines index fell 1.9 to 324.4.

Fresh speculative support lifted **Consolidated Gold Fields** 4 to 657p, the shares still excited by talk of a break-up bid, particularly in the light of the company's request for a Department of Trade and Industry investigation into various stakebuilding exercises in Consgold shares. Speculation is persisting that Bermudan-domiciled Minorco, currently in control of around 28 per cent of Consgold's equity, is set to launch a bid.

Australians behaved in similar fashion. Golds, aided by firmer bullion, showed **Central Norseman** 5 up at 628p, while **Gold Mines of Kalgoorlie** put on 10 to 678p. **Cultus Resources** improved 5 to 34p following the boardroom reshuffle brought about by the change of control; Capital Markets, a subsidiary of New Zealand merchant banking group Fay Richwhite, has recently acquired a controlling stake in Cultus.

## Traded Options

As widely anticipated, the introduction of British Gas was extremely well received in the traded option market: hectic conditions prevailed from the 2.30 pm start, resulting in 33,361 calls and 31,025 puts transacted. Dealers reported lively demand for all series with the January 50 and 60 calls particularly active with 9,653 and 9,026 calls struck respectively. Business in other classes obviously took second place to British Gas, but fresh enthusiasm was evident for **Hanson Trust** which attracted 2,478 calls and 947 puts. The FT-SE 100 index contributed 630 calls and 1,591 puts. Total contracts struck amounted to 81,723—easily surpassing the previous best of 67,187 recorded on the introduction of options in TSB.

## Traditional Options

- First dealings Dec 1 Dec 15 Jan 5
- Last dealings Dec 12 Jan 2 Jan 16
- Last declaration Mar 5 Mar 19 Apr 2
- For Settlement Mar 16 Mar 30 Apr 13

*For rate indications see end of Unit Trust Service*

Call options were transacted in Johnson and Firth Brown, Benlox, Bryson, Amstrad, TV-am, Conroy, Mitchell Cotts, Helical Bar, Mercury Securities, Sears, Buckleys Brewery, Symonds, Elswick, Camford Engineering, Bristol Channel Ship Repairers, Morgan Grenfell, Fogarty, Dalgety, Quest Automation, Guinness, International City Holdings, Plessey, Skyline, "The Times" Veneer, Chloride, and London Securities. No puts were reported, but a double option was taken out in Conroy.

## FINANCIAL TIMES STOCK INDICES

| | Dec. 8 | Dec. 5 | Dec. 4 | Dec. 3 | Dec. 2 | year ago | 1986 High | 1986 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 81.34 | 81.64 | 81.21 | 81.55 | 81.13 | 83.14 | 94.51 (18/4) | 80.39 (20/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 88.45 | 88.49 | 88.43 | 88.58 | 88.41 | 88.84 | 97.68 (7/7) | 86.55 (23/1) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary ♥ | 1,275.5 | 1,268.5 | 1,265.9 | 1,269.1 | 1,278.4 | 1,115.4 | 1,425.9 (3/4) | 1,094.3 (14/1) | 1,425.9 (3/4/86) | 49.4 (26/6/40) |
| Gold Mines | 324.4 | 326.3 | 331.8 | 317.0 | 322.9 | 268.3 | 357.8 (22/9) | 185.7 (18/7) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| Ord. Div. Yield | 4.46 | 4.49 | 4.49 | 4.48 | 4.44 | 4.43 | | | | |
| Earnings Yld.% (full) | 10.46 | 10.52 | 10.50 | 10.40 | 10.30 | 10.99 | | | | |
| P/E Ratio (net) (*) | 11.69 | 11.62 | 11.66 | 11.74 | 11.85 | 11.22 | | | | |
| SEAQ Bargains (5pm) | 33,250 | 29,142 | 24,916 | 25,431 | 27,395 | — | | | | |
| Equity Turnover (£m) | — | 1,346.71 | — | 1,310.84 | 962.86 | 696.73 | | | | |
| Equity Bargains | — | 41,749 | — | 38,471 | 36,802 | 30,863 | | | | |
| Shares Traded (ml) | — | 504.8 | — | 515.2 | 379.6 | 398.6 | | | | |

**S.E. ACTIVITY**

| Indices | Dec. 5 | Dec. 4 |
|---|---|---|
| Gilt Edged Bargains | 121.4 | 138.2 |
| Equity Bargains | 270.5 | — |
| Equity Value | 2722.0 | — |
| 5-Day Average | | |
| Gilt Edged Bargains | 127.3 | 128.7 |
| Equity Bargains | 250.5 | — |
| Equity Value | 2289.19 | — |

| ♥ Opening | 10 a.m. | 11 a.m. | Noon | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| — | 1271.8 | 1272.7 | 1274.2 | 1277.3 | 1277.0 | 1276.5 | 1275.6 |

Day's High 1277.6. Day's Low 1270.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.22.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

## NEW HIGHS AND LOWS FOR 1986

**NEW HIGHS (159)**

AMERICANS (4), CANADIANS (1), BANKS (2), BREWERS (3), BUILDINGS (9), CHEMICALS (2), STORES (7), ELECTRICALS (6), ENGINEERING (6), FOODS (2), INDUSTRIALS (17), INSURANCE (1), MOTORS (2), PAPER (6), PROPERTY (8), SHOES (1), TEXTILES (1), TRUSTS (73), OILS (1), OVERSEAS TRADERS (1), MINES (6).

**NEW LOWS (12)**

AMERICANS (1) IBM. BANKS (1) MCorp. BUILDINGS (1) Henderson Group. ELECTRICALS (2) Datron International, Rodime. FOODS (1) Israel (J. I.). INDUSTRIALS (3) Huntleigh Technology, Sale Tilney, Tomkins (F. H.) 5.6pcCnvPf. LEISURE (1) Media Technology International. PAPER (2) Fitch, Norton Opax.

## TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5.45pm.

| Stock | Volume 000's | Closing price | Day's change | Stock | Volume 000's | Closing price | Day's change |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 13 | 87 | 13 |
| Corporations, Dominion and Foreign Bonds | 8 | 13 | 48 |
| Industrials | 548 | 385 | 601 |
| Financial and Properties | 251 | 94 | 238 |
| Oils | 35 | 20 | 57 |
| Plantations | 4 | 4 | 6 |
| Mines | 60 | 33 | 92 |
| Others | 67 | 70 | 64 |
| Totals | 986 | 706 | 1,119 |

## FT-ACTUARIES INDICES

**EQUITY GROUPS & SUB-SECTIONS** — Monday December 8 1986

Figures in parentheses show number of stocks per section

| | Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (ACT at 29%) | Est. P/E Ratio (Net) | xd adj. 1986 to date | Fri Dec 5 Index No. | Thurs Dec 4 Index No. | Wed Dec 3 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |

**FIXED INTEREST**

| PRICE INDICES | Mon Dec 8 | Day's change % | Fri Dec 5 | xd adj. today | xd adj. 1986 to date |
|---|---|---|---|---|---|
| [illegible] | | | | | |

| AVERAGE GROSS REDEMPTION YIELDS | Mon Dec 8 | Fri Dec 5 | Year ago (approx.) |
|---|---|---|---|
| [illegible] | | | |

## LONDON TRADED OPTIONS

| Option | | Calls | | | Puts | | |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

## LONDON RECENT ISSUES

**EQUITIES**

| Issue Price | Amount Paid up | Latest Renunc. Date | 1986 High | 1986 Low | Stock | Closing Price | + or − | Net Div. | Times Covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | | |

**FIXED INTEREST STOCKS**

| Issue Price | Amount Paid up | Latest Renunc. Date | 1986 High | 1986 Low | Stock | Closing Price | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

**"RIGHTS" OFFERS**

| Issue Price | Amount Paid up | Latest Renunc. Date | 1986 High | 1986 Low | Stock | Closing Price | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

# WORLD STOCK MARKETS

AUSTRIA | GERMANY | NORWAY | AUSTRALIA (continued) | JAPAN (continued)

BELGIUM/LUXEMBOURG | SPAIN | SWEDEN | HONG KONG | SINGAPORE | DENMARK | ITALY | SWITZERLAND | FINLAND | FRANCE | NETHERLANDS | AUSTRALIA | SOUTH AFRICA

| Stock | Price | + or − |
|---|---|---|
| Philips | 47.1 | |
| Robeco | 95.6 | +0.3 |
| Rodamco | 137.9 | +0.1 |
| Rolinco | 85.1 | +0.2 |
| Rorento | 50.1 | +0.1 |
| Royal Dutch | 209 | +0.6 |
| Unilever | 519 | +3.2 |
| VMF Stork | 27 | −0.4 |
| VNU | 348.5 | |
| Wessanen | 83.7 | −0.1 |
| West Utr Bank | 50 | |

| Stock | Price | + or − |
|---|---|---|
| Peugeot S.A. | 1,150 | −15 |
| Printemps (Au.) | 610 | −1 |
| Radio tech | 1,042 | −15 |
| Redoute | 2,448 | −8 |
| Roussel-Uclaf | 1,490 | +1 |
| Sefimeg | 495 | −17 |
| Skis Rossignol | 1,250 | |
| Telemec Elect. | 3,370 | |
| Thomson (CSF) | 1,660 | −40 |
| Valeo | 508 | −16 |

| Stock | Price | + or − |
|---|---|---|
| Bond Corp Hldgs | 2.3 | −0.1 |
| Boral | 4.36 | +0.08 |
| Bougainville | 3.02 | −0.05 |
| Brambles Inds | 7.4 | |
| Bridge Oil | 0.75 | +0.05 |
| B. H. Prop | 8.6 | |
| Burns Philp | 9.06 | +0.08 |
| CRA | 7.2 | |
| CSR | 2.98 | +0.05 |
| Chase Corp | 5.5 | +0.2 |
| Claremont Pet | 0.75 | |
| Coles-Myer | 5.86 | |
| Comalco 'A' | 2.35 | |
| Consolidated Pet | 0.27 | |
| Costain Aust | 2.80 | |
| Elders IXL | 4.22 | |
| Energy Res | 1.66 | |

| Stock | Price | + or − |
|---|---|---|
| Kawasaki Steel | 206 | +3 |
| Kirin | 1,630 | |
| Kobe Steel | 169 | −3 |
| Kamatsu | 495 | +15 |
| Konishiroku | 620 | −4 |
| Kubota | 379 | −1 |
| Kumagai | 1,260 | +20 |
| Kyocera | 4,070 | −50 |
| Marubeni | 482 | −8 |
| Marui | 2,850 | +10 |
| Madza Motors | 385 | +10 |
| Meiia Seika | 800 | −7 |
| MIE | 3,100 | +40 |
| M'bishi Bank | 1,670 | −30 |
| M'bishi Chem | 766 | −21 |
| M'bishi Corp | 1,080 | −20 |
| M'bishi Elect | 483 | −11 |
| M'bishi Estate | 2,470 | +10 |

| Stock | Price | + or − |
|---|---|---|
| CNA Gallo | 2.7 | |
| Currie Finance | 4.6 | |
| De Beers | 33.85 | −0.15 |
| Dreifontein | 67.75 | −0.25 |
| F. S. Cons | 58.5 | |
| Gold Fields S.A. | 61 | |
| Highvelp Steel | 6.00 | |
| Malcor | 17.6 | |
| Nedbank | 5.95 | −0.85 |
| OK Bazaars | 15.5 | −0.5 |
| Rembrandt | 82 | −1.25 |
| Rust Plat | 46.25 | |
| Safren | 16.25 | +0.25 |
| Sage Holdings | 9.5 | |
| SA Brews | 15 | −0.25 |
| Smith (CG) | 29.5 | −1.0 |
| Tongaat Huletts | 7.3 | |

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

## CANADA

### TORONTO

*Closing prices December 8*

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 54681 | Cl Bk Com | \$20¼ | 20 | 20⅛ | |
| 10400 | C Marconi | \$19¾ | 19½ | 19½ | |
| 100 | C Ocdental | \$23 | 23 | 23 | −⅛ |
| 149202 | CP Ltd | \$17⅜ | 17⅛ | 17⅜ | −⅛ |
| 97116 | CTire A f | \$14⅛ | 13⅝ | 13¾ | −⅛ |
| 19954 | CUtil A 1 | \$19¼ | 19 | 19 | −⅛ |
| 4800 | CUtil B | \$19¼ | 19⅛ | 19¼ | |
| 23600 | Canfor | \$17⅛ | 16⅝ | 17⅛ | +⅜ |
| 2000 | Canron A | \$14⅝ | 14½ | 14½ | −¼ |
| 6000 | Cara | \$10½ | 10¼ | 10½ | |
| 100 | Cara A f | \$9¾ | 9¾ | 9¾ | −¼ |
| 1350 | Carl OK | \$12⅞ | 12¾ | 12¾ | −⅛ |

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 30023 | Gulf Can | \$14¼ | 13¾ | 14¼ | +½ |
| 150 | Hawker | \$25¾ | 25¾ | 25¾ | |
| 1544 | Hayes D | \$11⅜ | 11 | 11 | |
| 3051 | Hees Intl | \$30 | 29½ | 29½ | −¼ |
| 1543 | H BayMn s | \$6⅜ | 6¼ | 6¼ | |
| 9000 | H Bay Co | \$23 | 22¾ | 22¾ | −¼ |
| 280693 | Husky Oil | \$11¼ | 11⅛ | 11⅛ | |
| 31750 | Imasco | \$33 | 32¾ | 33 | +⅛ |
| 22371 | Imp Oil A | \$47¾ | 47⅜ | 47½ | −⅛ |
| 42912 | Inco | \$16¾ | 16¼ | 16⅜ | −⅜ |
| 400 | Indal | \$12⅞ | 12⅛ | 12⅛ | +⅛ |
| 1630 | Inland Gas | \$13¾ | 13½ | 13½ | |

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 12900 | Pegasus | \$12⅞ | 12½ | 12⅝ | |
| 7500 | PJewl A f | \$12 | 12 | 12 | −⅛ |
| 5370 | Pine Point | \$6¼ | 6 | 6¼ | +¼ |
| 53750 | Placer D | \$31⅛ | 30⅞ | 31 | |
| 7175 | Poco Pet | \$11 | 10⅝ | 10⅞ | |
| 20380 | Powr Cor f | \$16 | 15¾ | 16 | |
| 1458 | Precamb | 245 | 245 | 245 | |
| 200 | Provigo | \$17½ | 17½ | 17½ | |
| 1500 | Que Sturg | \$5 | 495 | 5 | +10 |
| 2300 | Que Tel | \$14¼ | 14⅛ | 14⅛ | −¼ |
| 20175 | Ranger | \$6⅜ | 6⅛ | 6⅛ | −⅛ |
| 4800 | Rayrock f | \$6⅜ | 6⅜ | 6⅜ | |

### MONTREAL

*Closing prices December 8*

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 1700 | MntTrst | \$13 | 12⅞ | 13 | +⅛ |
| 10711 | NatBk Cda | \$29¼ | 29 | 29⅛ | |
| 7065 | Noverco | \$13⅞ | 13¾ | 13⅞ | +⅛ |
| 24287 | Power Corp | \$16⅛ | 15⅞ | 16 | −⅛ |
| 6320 | Provigo | \$17⅝ | 17¼ | 17⅝ | +⅛ |
| 2900 | RollandA | \$17⅝ | 17½ | 17⅝ | −¼ |
| 1000 | RollandB | \$23 | 22¾ | 23 | |
| 18233 | Royal Bank | \$32⅞ | 32⅝ | 32⅝ | −¼ |
| 318 | RoyTrstco | \$29⅜ | 29⅜ | 29⅜ | |
| 1170 | SteinbrgA | \$37¾ | 37⅛ | 37¾ | +½ |

Total Sales 4,114,143 shares

## Indices

### NEW YORK-DOW JONES

| | Dec 8 | Dec 5 | Dec 4 | Dec 3 | Dec 2 | Dec 1 | 1985/86 High | 1985/86 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 1,930.27 | 1,925.06 | 1,939.68 | 1,947.27 | 1,955.57 | 1,912.54 | 1955.57 (2/12/86) | 1502.29 (22/1/86) | 1955.57 (2/12/86) | 41.22 (2/7/32) |
| Transport | 853.69 | 860.87 | 866.74 | 863.75 | 858.84 | 844.83 | 866.74 (4/12) | 686.97 (9/1/86) | 866.74 (4/12/86) | 12.32 (8/7/32) |
| Utilities | 212.17 | 211.84 | 213.88 | 213.84 | 214.47 | 211.48 | 219.15 (20/8/86) | 169.47 (22/1/86) | 219.15 (20/8/86) | 10.5 (8/4/32) |
| Trading vol | - | 139.82 | 158.91 | 200 14 | 230.35 | 133.75m | — | — | — | — |

| | Nov 28 | Nov 21 | Nov 14 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind Div Yield % | 3.61 | 3.64 | 3.68 | 4.29 |

### STANDARD AND POORS

| | Dec 8 | Dec 5 | Dec 4 | Dec 3 | Dec 2 | Dec 1 | 1986 High | 1986 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 278.82 | 278.42 | 281.52 | 282.54 | 282.77 | 277.42 | 282.77 (2/12) | 224.48 (22/1) | 282.77 (2/12/86) | 3.62 (21/6/32) |
| Composite | 251.46 | 251.17 | 254.04 | 253.85 | 254.00 | 249.05 | 255.3 (27/8) | 203.49 (22/1) | 253.3 (27/8) | 4.40 (1/6/32) |

| | Nov 12 | Nov 5 | Oct 29 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind div yield % | 2.96 | 2.98 | 3.04 | 3.82 |
| Ind. P/E Ratio | 17.73 | 17.69 | 17.24 | 13.38 |
| Long Gov Bond Yield | 10.6 | 10.34 | 7.78 | 10.15 |

### N.Y.S.E. ALL COMMON

| Dec 8 | Dec 5 | Dec 4 | Dec 3 | 1986 High | 1986 Low |
|---|---|---|---|---|---|
| 143.81 | 143.69 | 144.68 | 145.06 | 145.75 (4/9) | 117.75 (22/1) |

### RISES AND FALLS

| | Dec 5 | Dec 4 | Dec 3 |
|---|---|---|---|
| Issues traded | 1,999 | 2,027 | 2,015 |
| Rises | 873 | 703 | 747 |
| Falls | 525 | 824 | 834 |
| Unchanged | 499 | 500 | 434 |

### NYSE-Consolidated 1500 Actives

| | Stocks Traded | 3.00p.m. Price | Change on Day |
|---|---|---|---|
| McDermott | 2,183,500 | 21⅞ | − ⅜ |
| British Gas | 2,061,000 | 9 | − ⅜ |
| ATT | 1,414,300 | 27½ | + ⅛ |
| Pan Am Corp | 1,125,800 | 5 | − ⅛ |
| Butler In | 1,054,800 | 18½ | + ⅛ |
| United Tel | 1,035,100 | 27⅝ | − ¼ |
| Carter Haw | 783,500 | 47⅛ | − 5½ |
| IBM | 726,500 | 128 | + 1⅜ |
| East Gas F | 721,300 | 29⅝ | + ⅛ |
| Ni Power | 637,900 | 30⅝ | − ⅛ |

Advances 620 Declines 941

| TORONTO | Dec 8 | Dec 5 | Dec 4 | Dec 3 | 1986 High | 1986 Low |
|---|---|---|---|---|---|---|
| Metals & Minls | 2,015.00 | 2,053.51 | 2,059.78 | 2,065.0 | 2,442.85 (21/3) | 1,917.4 (5/8) |
| Composite | 2,955.30 | 3,067.1 | 3,072.68 | 3,078.6 | 3,129.11 (18/4) | 2,764.0 (17/2) |
| MONTREAL Portfolio | 1,548.85 | 1,546.5 | 1,551.4 | 1,551.1 | 1,623.33 (18/4) | 1,386.6 (22/1) |

* Indicates pre-close figure

### TOKYO – Most Active Stocks

Mon Dec 8 1986

| | Dec. 8 | Dec. 5 | Dec. 4 | Dec. 3 | 1986 High | 1986 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ord. (1/1/80) | 1427.9 | 1420.3 | 1411.1 | 1390.5 | 1427.9 (8/12) | 1010.8 (2/1) |
| Metals & Mnls. (1/1/80) | 688.3 | 681.6 | 687.3 | 677.4 | 719.9 (21/10) | 481.1 (20/1) |
| **AUSTRIA** | | | | | | |
| Creditbk Aktien(30/12/64) | (c) | 255.86 | 256.16 | 254.50 | 286.64 (23/4) | 226.66 (5/8) |
| **BELGIUM** | | | | | | |
| Brussels SE (1/1/84) | 4115.30 | 4078.95 | 4073.32 | 4061.20 | 4115.38 (8/12) | 2768.91 (15/1) |
| **DENMARK** | | | | | | |
| Copenhagen SE(3/1/83) | 197.75 | 197.47 | 197.20 | 196.45 | 250.70 (16/4) | 189.29 (11/11) |
| **FINLAND** | | | | | | |
| Unitas Genl. (1975) | 426.7 | 424.6 | 422.6 | 420.0 | 425.7 (8/12) | 258.5 (2/1) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 403.0 | 407.9 | 407.5 | 404.5 | 412.5 (7/8) | 287.8 (2/1) |
| Ind Tendance (31/12/82) | 158.8 | 162.1 | 161.9 | 160.5 | 162.1 (5/12) | 101.1 (2/1) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 685.61 | 688.63 | 686.09 | 689.26 | 753.88 (17/4) | 585.92 (22/7) |
| Commerzbank (1/12/53) | 2059.0 | 2072.70 | 2068.9 | 2079.0 | 2279.9 (17/4) | 1762.4 (22/7) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank(31/7/64) | 2431.29 | 2400.72 | 2450.52 | 2460.00 | 2460.00 (3/12) | 1559.94 (19/3) |
| **ITALY** | | | | | | |
| Banca Comm. Ital.(1972) | (c) | 684.28 | 707.28 | 713.67 | 886.20 (20/5) | 454.67 (24/1) |
| **JAPAN**** | | | | | | |
| Nikkei (16/5/49) | 18710.7 | 18637.4 | 18623.9 | 18466.1 | 18936.2 (20/8) | 12881.0 (21/1) |
| Tokyo SE New (4/1/68) | 1554.19 | 1558.99 | 1551.58 | 1532.26 | 1583.35 (20/8) | 1025.85 (21/1) |
| **NETHERLANDS** | | | | | | |
| ANP.CPS General (1970) | 285.9 | 285.0 | 285.8 | 286.4 | 301.0 (5/8) | 240.4 (3/3) |
| ANP.CBS Indust (1970) | 285.4 | 284.4 | 283.6 | 284.1 | 303.9 (19/8) | 234.0 (5/5) |
| **NORWAY** | | | | | | |
| Oslo SE (4/1/83) | 362.81 | 385.07 | 386.17 | 385.95 | 402.91 (16/1) | 331.61 (4/8) |
| **SINGAPORE** | | | | | | |
| Straits Times (30/12/66) | 881.40 | 889.99 | 896.54 | 889.81 | 940.64 (3/11) | 583.34 (28/4) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | — | 1672.0 | 1650.0 | 1640.0 | 2061.0 (19/9) | 1184.1 (21/4) |
| JSE Indust (28/9/78) | — | 1386.0 | 1384.0 | 1383.0 | 1419.0 (12/11) | 1019.3 (2/4) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | (c) | 193.42 | 192.33 | 191.82 | 200.79 (8/10) | 100.65 (3/1) |
| **SWEDEN** | | | | | | |
| Jacobson & P (31/12/56) | 2451.56 | 2456.75 | 2479.14 | 2492.78 | 2672.78 (7/11) | 1729.57 (29/1) |
| **SWITZERLAND** | | | | | | |
| SwissBankCpn (31/12/58) | (u) | 594.6 | 592.5 | 592.5 | 625.5 (8/1) | 497.2 (4/8) |
| **WORLD** | | | | | | |
| M S. Capital Intl.(1/1/70) | — | 355.9 | 357.3 | 355.9 | 360.8 (7/8) | 249.8 (23/1) |

** Saturday December 6: Japan Nikkei 18,604.9. TSE 1,546.91.

Base value of all Indices are 100 except Brussels SE—1,000, JSE Gold—265.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

## LONDON Chief price changes (in pence unless otherwise indicated)

### RISES

| | | |
|---|---|---|
| Afro-West | 13½ | + 2½ |
| Baggeridge Brick | 445 | +20 |
| Baynes (Charles) | 34 | + 5 |
| Beatson Clark | 191 | +16 |
| Benrose | 193 | +10 |
| Berry Trust | 280 | + 8 |
| Bulmer & Lumb | 136xd | +15½ |
| Cakebr.Robey A | 79 | +19 |
| Chapman Inds. | 225 | + 9 |
| Craton Lodge | 96 | + 6 |
| Dwek Group | 140 | + 5 |
| Empire Stores | 176 | + 8 |
| Executex | 105 | +12 |
| Freemans | 391 | +15 |
| Glaxo | 923 | +21 |
| Lynton Hldgs. | 390xd | +55¼ |
| Peachey Property | 293 | + 7 |
| Pentland Inds. | 495 | +20 |
| RHM | 290xd | + 6½ |
| Restmor | 137 | +20 |
| Saatchi & Saatchi | 703 | +13 |
| Sander Murray | 125 | +20 |
| Supra Group | 86 | +13 |
| WCRS | 530 | +10 |
| Woolworth | 655 | +10 |
| U.S. Deb. Corp. | 336 | +26 |
| Uld. Tr. & Credit | 515 | +45 |

### FALLS

| | | |
|---|---|---|
| Allied Textile | 290 | − 8 |
| McCorquodale | 290 | −10 |
| Prop. & Revers. | 281xd | −19½ |

## OVER-THE-COUNTER Nasdaq national market, closing prices

Continued from Page 45

| Stock | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|
| Orbit | 15 448 | 11⅜ | 11 | 11 | − ¼ |
| OshBA .14c | 20 97 | 58 | 57¼ | 57¼ | − ¼ |
| OshkTB .20 | 9 120 | 23¾ | 23¼ | 23¾ | |
| OttrTP 2.84 | 14 341 | 49⅛ | 48⅛ | 48⅛ | − ⅞ |
| OwenMn.30 | 15 392 | 18½ | 18¼ | 18½ | + ¼ |

## NYSE COMPOSITE CLOSING PRICES

Continued from Page 45

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 26½ | 16¾ | AAR s | .44 | 1.8 | 18 | 77 | 24¼ | 24 | 24¼ | |
| 30 | 21¾ | ADT | .92 | 3.5 | | 316 | 26⅝ | 26 | 26⅛ | |
| 33 | 15¾ | AFG s | .12i | .4 | 15 | 410 | 30⅜ | 29¾ | 30⅜ | −⅜ |
| 29 | 16¾ | AGS | | | 18 | 125 | 28⅜ | 28 | 28 | −½ |
| 15 | 7½ | AMCA | | | 13 | 7⅜ | d | 7⅜ | 7⅜ | −⅛ |
| 62⅞ | 39¼ | AMR | | | 13 | 4733 | 57⅞ | 56⅝ | 56⅞ | −⅞ |
| 27½ | 23¾ | ANR pf | 2.67 | 10. | | 1 | 26 | 26 | 26 | |
| 16¾ | 10 | ARX | .71t | 6.1 | 11 | 128 | 11⅝ | 11⅜ | 11⅝ | +⅜ |
| 41½ | 26¾ | ASA | 2a | 5.4 | | 225 | 37⅛ | 36½ | 36¾ | −⅛ |
| 16⅝ | 9¾ | AVX | | 2.6 | | 194 | 12½ | 12⅜ | 12⅜ | −⅛ |
| 32 | 25¼ | AZP | 2.72 | 9.3 | 9 | 859 | 29¼ | 29 | 29⅛ | |
| 55 | 30½ | AbtLb s | .84 | 1.7 | 22 | 3836 | 49 | 48¼ | 48⅝ | |
| 32 | 24½ | AccoWd | .56 | 2.1 | 17 | 27 | 26⅞ | 26⅝ | 26¾ | −¼ |
| 14⅞ | 9 | AcmeC | .40 | 3.8 | | 188 | 10½ | 10¼ | 10½ | |
| 9¼ | 6⅛ | AcmeE | .32b | 5.1 | 16 | 15 | 6½ | 6¼ | 6¼ | −¼ |
| 23⅞ | 17½ | AdaEx | 4.45e | 21. | | 202 | 21⅜ | 20⅞ | 21 | +⅛ |
| 33⅜ | 19⅝ | AdmMl | .48 | 1.7 | 14 | 26 | 28⅜ | 28 | 28¼ | +¼ |
| 20⅜ | 12⅛ | AdvSys | 1.45t | 8.5 | 14 | 267 | 17¼ | 17 | 17⅛ | +⅛ |
| 32⅞ | 12⅞ | AMD | | | | 2397 | 15¾ | 15¼ | 15⅝ | |
| 12⅝ | 5¼ | Adobe | | | | 138 | 6 | 5¾ | 6 | |
| 18⅝ | 13¾ | Adob pf | 1.84 | 11. | | 16 | 16½ | 16½ | 16½ | +¼ |
| 20¼ | 16⅝ | Adob pf | 2.40 | 14. | | 80 | 17⅞ | 17¾ | 17¾ | −⅛ |
| [illegible] | | | | | | | | | | |



Continued on Page 45

# NYSE COMPOSITE CLOSING PRICES

Continued from Page 44

Continued on Page 43

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

# AMEX COMPOSITE CLOSING PRICES

# OVER-THE-COUNTER

*Nasdaq national market, closing prices*

Continued on Page 43

# FINANCIAL TIMES
## WORLD STOCK MARKETS

### WALL STREET

## Bonds spur bumpy ride for stocks

A SUDDEN spurt in bond prices gave stocks a roller coaster ride on Wall Street yesterday, *writes Roderick Oram in New York.*

The bond market rallied sharply in mid afternoon on revived hopes that some industrialised countries might co-ordinate an interest rate cut. Higher bond prices pushed stock index futures to a premium over the underlying shares, triggering share buying programmes. But the effects were short lived and share prices eased back.

The Dow Jones industrial average closed up 5.20 points at 1,930.26 after being down more than 13 points in early afternoon and up more than 15 points shortly before the close. The New York Stock Exchange composite index, however, slipped by 0.10 of a point to 143.59 on heavy volume of 159.86m shares concentrated in mid-afternoon with declining issues outnumbering rising by 897 to 662.

Among the blue chips, American Express was off $¼ at $60½, AT & T was unchanged at $27⅞, Du Pont was unchanged at $89¾, IBM gained $1⅛ to $127⅞, Philip Morris declined $½ to $74⅞ and Sears Roebuck fell $⅝ to $43.

On the takeover front, Carter Hawley Hale dropped $5⅞ to $47½ on volume of more than 2m shares. The price had been up almost $4 on the day before trading was suspended for part of the session. The stores group rejected a takeover offer of $60 a share increased from $55 by investment partnership of the Limited, up $⅝ at $34, and Mr Edward DeBartolo (caps D B all one word).

Carter Hawley also said it was splitting itself into two publicly traded companies and had signed a standstill agreement limiting General Cinema's holding of its shares to 51 per cent. Presently it holds preferred stock convertible into 38.6 per cent of the common shares. General Cinema fell $1⅞ to $45.

PS Group, up 3⅞ to $36¼, agreed to sell its Pacific Southwest Air subsidiary, up $4¾ to $16 in the over-the-counter market, to USAir for $17 a share. USAir fell $1⅞ to $38½.

Other airline stocks were mixed. UAL, the parent of United Air Lines, gained $⅝ to $59½. It reported a sharp rise in traffic in November. AMR, the parent of American, fell $⅞ to $56⅞ while Trans World fell $¼ to $24¾ and Delta slipped $¼ to $49⅞.

Transamerica eased down $⅝ to $35⅛ on news it was spinning off some manufacturing operations. In contrast, a similar move by Allied-Signal boosted its share price by $¾ to $42⅞.

MCI, the second largest long distance telecommunications carrier in the US fell $⅝ to $43¼. Analysts gave mixed reviews to cost cutting measures announced last week.

Amoco was off $½ to $64¾. It reportedly told analysts on Friday that its reserves and production would fall about 5 per cent this year. The oil sector generally was weak on reports of excessive inventories worldwide. Texaco fell $⅛ to $34¾, Mobil was down $⅛ to $38¾ and Standard Oil was off $⅝ to $48 while Exxon was up $⅞ at $69⅞.

Trading began in British Gas with US investors offered nearly 16.7m American Depository Receipts at $7.11. Trading of 9.3m ADRs made it the most active issue on the NYSE with the price closing at $9¼ down $¼ from the first trade.

In the credit markets, US government bond prices eased lower in the morning following the sharp sell off last Friday on stronger than expected employment figures. Some support came yesterday from foreign Japanese investors buying in their home market although this was offset by profit taking in London.

Prices bounced back in mid-afternoon, however with the price of the 7.50 per cent benchmark Treasury long bond ending ¾ of a point higher at 102⁹⁄₃₂ at which it yielded 7.31 per cent.

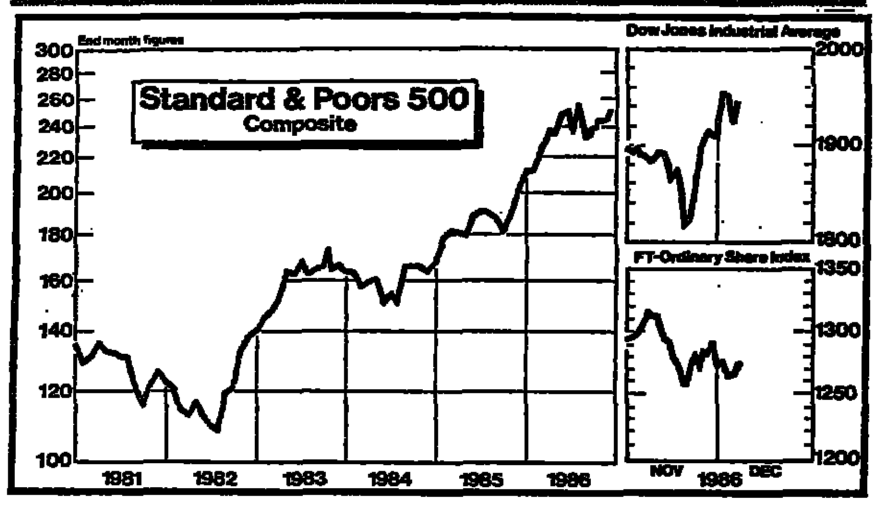
Three-month Treasury bills gained seven basis points to 5.49 per cent and six-month bills were up four basis points to 5.50 per cent while year bills slipped one basis point to 5.48 per cent.

The markets should have a relatively quiet week in store in terms of economic news and financings. Forecasts of November's retail sales, to be released on Thursday, vary widely from a fall of about 0.3 per cent to a rise of 0.5 per cent or more.

Friday brings the November producer price index, with a modest rise forecast, and manufacturers sales and inventories showing some decline in the former and rise in the latter.

The Fed fund rate is expected to ease after seasonal factors had pushed it higher in recent weeks. The Fed entered the market yesterday to make $1.5bn of customer repurchases when the Fed funds rate stood at 6 per cent.

### KEY MARKET MONITORS




**STOCK MARKET INDICES**

| NEW YORK | Dec 8 | Previous | Year ago |
|---|---|---|---|
| DJ Industrials | 1,930.26 | 1,939.68 | 1,477.18 |
| DJ Transport | 853.69 | 866.74 | 693.59 |
| DJ Utilities | 212.17 | 213.90 | 165.57 |
| S&P Composite | 251.46 | 144.68 | 202.99 |
| **LONDON** | | | |
| FT Ord | 1,275.5 | 1,268.5 | 1,115.4 |
| FT-SE 100 | 1,623.4 | 1,613.5 | 1,401.9 |
| FT-A All-share | 812.06 | 806.52 | 669.76 |
| FT-A 500 | 888.53 | 881.60 | 734.59 |
| FT Gold mines | 324.4 | 326.3 | 268.3 |
| FT-A Long gilt | 10.73 | 10.66 | 10.37 |
| **TOKYO** | | | |
| Nikkei | 18,710.68 | 18,637.4 | 12,793.5 |
| Tokyo SE | 1,554.19 | 1,550.98 | 1,011.26 |
| **AUSTRALIA** | | | |
| All Ord. | 1,427.9 | 1,420.3 | 984.3 |
| Metals & Mins. | 688.3 | 681.6 | 481.2 |
| **AUSTRIA** | | | |
| Credit Aktien | — | 235.66 | 231.09 |
| **BELGIUM** | | | |
| Belgian SE | 4,115.30 | 4,078.93 | 2,944.41 |
| **CANADA** | | | |
| Toronto | | | |
| Metals & Mins | 2,015.00 | 2,059.70 | 1,992.0 |
| Composite | 2,955.30 | 3,072.60 | 2,863.2 |
| Montreal | | | |
| Portfolio | 1,540.65 | 1,551.40 | 139.07 |
| **DENMARK** | | | |
| SE | 197.75 | 197.47 | 231.67 |
| **FRANCE** | | | |
| CAC Gen | 403.00 | 407.9 | 247.8 |
| Ind. Tendance | 158.80 | 162.1 | 92.6 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 683.61 | 688.63 | 585.77 |
| Commerzbank | 2,059.0 | 2,072.70 | 1,726.0 |
| **HONG KONG** | | | |
| Hang Seng | 2,431.29 | 2,400.72 | 1,721.89 |
| **ITALY** | | | |
| Banca Comm. | c | 694.26 | 441.90 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 285.90 | 285.0 | 239.2 |
| ANP-CBS Ind | 285.40 | 284.4 | 217.9 |
| **NORWAY** | | | |
| Oslo SE | 362.81 | 365.07 | 399.08 |
| **SINGAPORE** | | | |
| Straits Times | 891.40 | 889.99 | 631.22 |
| **SOUTH AFRICA** | | | |
| JSE Golds | — | 1,872.0 | 1,182.6 |
| JSE Industrials | — | 1,366.0 | 1,044.1 |
| **SPAIN** | | | |
| Madrid SE | c | 193.42 | 97.15 |
| **SWEDEN** | | | |
| J & P | 2,431.55 | 2,456.75 | 1,609.89 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | — | 594.5 | 541.9 |
| **WORLD** | Dec 4 | Previous | Year ago |
| MS Capital Int'l | 355.90 | 357.3 | 244.6 |

**COMMODITIES**

| (London) | Dec 8 | Prev |
|---|---|---|
| Silver (spot fixing) | 377.95p | 375.05p |
| Copper (cash) | £942.00 | £945.50 |
| Coffee (January) | £19,975.00 | £20,775.00 |
| Oil (Brent blend) | $14.60 | $14.70 |

**GOLD (per ounce)**

| | Dec 8 | Prev |
|---|---|---|
| London | $389.25 | $386.25 |
| Zürich | $389.75 | $386.25 |
| Paris (fixing) | $389.58 | $391.18 |
| Luxembourg | $391.25 | $388.50 |
| New York (Feb) | $392.2 * | $392.9 |

**CURRENCIES**

| (London) | US DOLLAR Dec 8 | Previous | STERLING Dec 8 | Previous |
|---|---|---|---|---|
| $ | — | — | 1.4205 | 1.4290 |
| DM | 2.0095 | 2.0010 | 2.855 | 2.86 |
| Yen | 162.35 | 162.35 | 230.5 | 232 |
| FFr | 6.5825 | 6.55 | 9.35 | 9.36 |
| SFr | 1.6785 | 1.6715 | 2.385 | 2.3875 |
| Guilder | 2.2710 | 2.2600 | 3.225 | 3.23 |
| Lira | 1,393.5 | 1,386 | 1,979 | 1,980.5 |
| BFr | 41.85 | 41.50 | 59.45 | 59.30 |
| C$ | 1.3775 | 1.3790 | 1.9545 | 1.9695 |

**INTEREST RATES**

| Euro-currencies (3-month offered rate) | Dec 8 | Prev |
|---|---|---|
| £ | 11⅛ | 11⅞ |
| SFr | 4¾ | 4⅝ |
| DM | 5 | 4⅞ |
| FFr | 9⅝ | 8 15/16 |
| FT London Interbank fixing (offered rate) | | |
| 3-month US$ | 6⅝ | 6 |
| 6-month US$ | 6⅛ | 6⅛ |
| US Fed Funds | 6 1/16 * | 5⅞ |
| US 3-month CDs | 5.80 * | 5.975 |
| US 3-month T-bills | 5.49 * | 5.59 |

**US BONDS**

| Treasury | December 8* Price | Yield | Prev Price | Yield |
|---|---|---|---|---|
| 6⅝ 1988 | 100 5/32 | 6.215 | 100 7/32 | 6.131 |
| 7¼ 1993 | 101 | 6.936 | 101 9/32 | 6.805 |
| 7¼ 1996 | 100 19/32 | 7.124 | 101 9/32 | 6.984 |
| 7¼ 2016 | 101 9/32 | 7.382 | 102 9/32 | 7.257 |

Source: Harris Trust Savings Bank

| Treasury Index Maturity (years) | Return Index | Dec 8 Day's change | Yield | Day's change |
|---|---|---|---|---|
| 1–30 | 160.29 | −0.07 | 6.88 | +0.01 |
| 1–10 | 152.55 | +0.06 | 6.57 | +0.01 |
| 1–3 | 142.25 | +0.07 | 6.22 | +0.01 |
| 3–5 | 155.48 | +0.09 | 6.65 | +0.00 |
| 15–30 | 187.96 | −0.58 | 7.90 | +0.04 |

Source: Merrill Lynch

| Corporate | December 8* Price | Yield | Prev Price | Yield |
|---|---|---|---|---|
| AT & T | | | | |
| 3¾ July 1990 | 92.218 | 6.35 | 92.529 | 6.25 |
| SCBT South Central | | | | |
| 10⅞ Jan 1993 | 106.50 | 9.473 | 106.50 | 9.48 |
| Phibro-Sal | | | | |
| 8 April 1996 | 99.875 | 8.017 | 100 | 8.0 |
| TRW | | | | |
| 8⅜ March 1996 | 103 | 8.275 | 103.25 | 8.24 |
| Arco | | | | |
| 9⅞ March 2016 | 109 | 8.996 | 110 | 8.91 |
| General Motors | | | | |
| 8⅜ April 2016 | 92 | 8.895 | 94 | 8.70 |
| Citicorp | | | | |
| 9⅜ March 2016 | 99.375 | 9.441 | 101.375 | 9.24 |

Source: Salomon Brothers

**FINANCIAL FUTURES**

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| US Treasury Bonds (CBT) 8% 32nds of 100% | | | | |
| Dec | 99-12 | 100-12 | 99-08 | 99-25 |
| US Treasury Bills (IMM) $1m points of 100% | | | | |
| Dec | 94.57 | 94.64 | 94.56 | 94.62 |
| Certificates of Deposit (IMM) $1m points of 100% | | | | |
| Sept | — | — | — | — |
| LONDON | | | | |
| Three-month Eurodollar $1m points of 100% | | | | |
| Dec | 93.89 | 93.93 | 93.89 | 93.94 |
| 20-year Notional Gilt £50,000 32nds of 100% | | | | |
| Dec | 107-12 | 107-20 | 107-20 | 108-01 |

* Latest available figures

### TOKYO

## Recovery centres on blue chips

BLUE CHIPS and consumer demand-related stocks led the recovery in Tokyo yesterday, with investors expecting higher prices toward the year-end, *writes Shigeo Nishiwaki of Jiji Press.*

Market leaders were Tokyo Electric Power, Tokyo Gas, Matsushita Electric Industrial and Fujitsu.

The Nikkei stock average closed 105.77 higher at 18,710.68 after registering a 126-point jump in mid-afternoon. Trading was lower than Friday's 1.3bn shares, but fairly active for Monday at 709m. Advances outpaced declines by 464 to 339, with 169 issues unchanged.

Tokyo Electric Power, which has been drawing active buying since it hit a record high last week, attracted institutional as well as individual investors, helping much to invigorate sentiment. It rose Y70 to Y8,470. Market analysts said that dealers wanted to activate trading in Tokyo Electric Power shares to keep the market animated for the year-end and New Year.

Buying spread to Kansai Electric Power and Chubu Electric Power, Y180 and Y200 higher respectively at Y4,070 and Y4,100.

Investors also sought Tokyo Gas, which added Y20 to Y1,190 on the heaviest trading of 53.50m shares. The stock scored a record high of Y1,230 on October 1, but tumbled to Y755 on October 25. Investor interest in the gas company increased in the wake of Tokyo Electric Power's advance.

However, investors grew cautious about the sharp gain in prices in the afternoon, switching their attention to speculative incentive-backed issues. Tobishima went up Y16 to Y876 and Nippon Metal Industry Y32 to Y342, while Kandenko spurted Y140 to Y6,290.

Bond prices opened higher, but end-investors failed to follow dealers' buying in the absence of incentives. The yield on the 5.1 per cent government bond due in June 1996 plunged from Saturday's 5.285 per cent to 5.255 per cent, but closed higher at 5.290 per cent.

The bond was traded chiefly by dealers, while trust, city and regional banks as well as some businesses concentrated on purchasing bonds with coupons higher than 6.5 per cent at low prices.

### HONG KONG

FAIRLY ACTIVE trading was seen in Hong Kong where prices were sharply firmer but off their highs, following the previous session's heavy profit-taking.

The Hang Seng index regained its losses of Friday, to close 30.57 higher at 2,431.29.

Brokers said that the death last week of Governor Edward Youde, which prompted Friday's sell-off, was unlikely to have a major impact on Hong Kong's political and economic future and that investors had taken a wait-and-see approach yesterday, in the absence of fresh factors.

Hang Seng Bank dropped 25 cents to HK$38 while HongKong Shanghai Bank eased 15 cents to HK$8.55.

Cheung Kong gained HK$1 to HK$36.50 and New World put on 5 cents to HK$9.40. HK Land was steady at HK$6.30.

Jardine Matheson added 40 cents to HK$21.60. Swire A also rose 40 cents to HK$18.80.

### EUROPE

## Brussels peaks on tax plan

THE YEAR-END rally came early in Brussels yesterday as prices moved to a record following Friday's tax incentives for securities purchases.

Domestic institutional support was felt throughout the day and focused mainly on blue chips, holding companies, utilities and selected industrials.

Further buying by individual investors, likely to benefit from the new tax legislation, underpinned sentiment and pushed the Belgian Stock Exchange index to a 12-month peak of 4,115.3, up 36.37.

Bellwether Petrofina hit a high for the year with a BFr 50 jump to BFr 9,870 while Royale Belge added BFr 14 to BFr 29,485, another peak.

Retailer Delhaize put on one of the best showings with a BFr 180 gain to BFr 2,980 and GB Inno BM picked up BFr 40 to BFr 8,780, just below its high for the year.

GBL lost more ground on continue SEC investigations into affiliate Drexel Burnham Lambert in the US. It fell BFr 70 to BFr 3,650.

**Frankfurt** finished lower despite the move of the dollar above DM 2 at its official fixing. A stronger dollar normally buoys the Commerzbank index, which lost 13.7 at its mid-session calculation of 2,059.0, but domestic and foreign investors were more concerned over the weaker showing on Wall Street on Friday.

Daimler dropped DM 5 to DM 1,284 and VW was DM 4.20 cheaper at DM 425.

Among machine makers, KHD rose DM 5 to DM 190 on its joint venture plans with Daimler for a new four-wheel drive tractor.

Deutsche Bank among broadly weaker financials, dropped DM 10.50 to DM 829 while Commerzbank lost DM 7 to DM 312.

The bond market was undermined by the rise in the dollar and the sharp drop on Friday of US credit markets. Longs lost up to 30 basis points although volume was light.

The Bundesbank bought DM 15.2m worth of paper after selling DM 109.40 on Friday.

**Amsterdam** finished mixed with sporadic interest on internationals. Unilever firmed Fl 2.20 to Fl 519 on the growing belief that its Chesebrough Pond's acquisition may turn out to be a bargain.

Fokker dipped a further Fl 2.70 to Fl 59.30 on adverse press reports.

**Paris** staged a late rally on the climbdown by the government over the controversial university reform bill which has triggered violent unrest in the past few days.

Some alarm was voiced, however, over the Bank of France's decision to raise its seven-day repurchase rate by a full percentage point to 8½ per cent and to allow the franc to fall below its previous support level of FFr 327.60 per DM 100.

**Stockholm** eased lower in nervous trading affected by a sharp rise in money market rates.

Trading was suspended in Gotabanken and Wermlandsbanken pending an announcement on a possible merger.

Volvo was one of the most active and lost SKr 12 to SKr 337 while Asea dipped SKr 2 to SKr 342.

**Zurich** traded narrowly mixed due to thin volume.

**Milan, Madrid, Vienna** and **Lisbon** were closed for holidays.

### AUSTRALIA

MEDIA ISSUES were the main attraction in Sydney, where the market closed at a record for the third consecutive session. The All Ordinaries index ended 7.6 higher at 1,427.9 beating Friday's 1,420.3.

Herald & Weekly Times, the subject of a proposed takeover bid by News Corp, gained 40 cents to A$12.80. News Corp, meanwhile, dropped 20 cents to A$17.80 amid late news that the federal government would not interfere in the bid.

Elsewhere, Bond Corp slipped 10 cents to A$2.30. ANZ dropped 60 cents to A$5.80. Wormald eased 10 cents to A$4.20.

### SINGAPORE

SELECTIVE BUYING and bouts of profit-taking saw Singapore close narrowly mixed after a day of fluctuating prices. The Straits Times industrial index gained 1.41 to 891.40.

Brokers said that selected blue chips and quality issues made early gains on small investor buying but that these advances were reduced by profit-taking later. They said the absence of fresh factors had kept most operators on the sidelines.

### LONDON

## Spirits rise on forecasts and flotation

A BRIGHTER MOOD took hold in London as investors reacted to the optimistic forecasts on the British economy and the successful start to dealings in the newly-privatised British Gas. The FT Ordinary index gained 7.0 to 1,275.5 while the more broadly-based FT-SE 100 made a gain of 9.9 to close at 1,623.4.

Renewed takeover activity reflected the market's mood as nerves steadied after the traumas of last week's inquiries into market irregularities.

By contrast, the gilts were easier for most of the session, before closing flat as the pound began to flag towards the end of the day.

Dealings in British Gas, which began at 2.30pm, brought a rush of domestic and foreign institutional investors, and turnover for the issue reached 800m – exceeding previous records for the equity market as a whole.

*Chief price changes, Page 43; Details, Page 42; Share information service, Pages 40, 41*

### CANADA

A BROAD RETREAT took place in active Toronto trading as the market followed Wall Street lower.

Industrials helped drag prices down, with Seagram easing C$1 to trade at C$86½. Canadian Pacific eased C$¼ to C$17½ and Bell Canada slipped C$⅛ to C$37⅞.

Metals and mines also joined the broad retreat. Alcan dropped C$1⅛ to C$39⅝ and Noranda slipped C$⅝ to C$20½.

Canadian Tire went against the trend. Its common shares advanced C$6¾ to C$75½ while Class A shares held steady at C$13⅞.

Montreal was also lower.

### SOUTH AFRICA

A FIRM BULLION price took gold shares slightly higher in Johannesburg but trading was dull.

Anglo American Goldmines advanced R5 to R320, Western Deep was R2 higher at R178 while Lorraine rose 50 cents to R25.75. Gold Fields of South Africa held steady at R61.